

Anti-terrorist law will ban IRA, widen police powers of arrest and detention

The IRA is banned, suspected terrorists can be arrested without warrant and powers of detention will be extended under an anti-terrorism Bill to be rushed through both Houses of Parliament this week. The Government hopes it will receive Royal Assent by Thursday night. In London

nine people were slightly injured by three exploding letter bombs in pillar-boxes. Six men were remanded in custody until Thursday when they appeared at Birmingham charged with the murder of a schoolgirl victim of the bombing in the city last week.

Urgent discussions sought with Dublin Government

By David Wood
Political Editor

What the Home Secretary described as draconian powers are being taken in a Bill to be rushed through both Houses this week to prevent and combat terrorism on the British mainland. Mr Jenkins, outlining the contents of the Bill in the Commons yesterday, said the House would not adjourn on Thursday night until it had received Royal Assent.

The Bill, to be introduced in the Commons tomorrow, will include the following provisions:

Proscription of the IRA specifically, and powers to prosecute by order any other organizations concerned in terrorism in Northern Ireland, or promoting or encouraging it.

The banning of any form of dress or other article, including arm bands, publicly displayed "in such a way or in such circumstances as to arouse reasonable apprehension" that a person is a member or a supporter of a proscribed organization.

Orders to exclude people from Great Britain and to expel people

already in Great Britain on the order of the Home Secretary.

Powers for the police to arrest without warrant a person reasonably suspected to be a person "concerned in the commission, preparation, or instigation of acts of terrorism", and also a person, subject to an exclusion order, or a person who has knowingly harboured a terrorist.

Under those powers the police will have new powers of detention. They will be able to detain for 48 hours, and for five more days with the consent of the Home Secretary, and also to fingerprint a person arrested under the Act or for a serious offence under it.

Orders for controlling travel into and out of Great Britain by the appointment of examining officers, with powers of arrest, detention, and search on the basis of spot checks.

The Act will expire after six months, but the Home Secretary may, by order, extend it for further periods of six months.

At the close of his Commons statement Mr Jenkins said: "These powers are draconian. In combination they are unprecedented in peacetime. I believe they are fully justified

to meet the clear and present danger."

Manifestly sensitive that he has been forced by events into decisions that are normally repugnant to him, Mr Jenkins added that he would be anxious to review how the powers worked in practice and would propose changes made necessary by experience. He was seeking urgent discussions with the Dublin Government "to consider with them their part in effective counter-terrorist operations": a remark that provoked a cheer from a sombre and troubled House.

From Conservatives, Liberals and the Scottish National Party the Government had immediate pledges of support to carry the Bill to Royal Assent by Thursday. But a penetrating question from Mr Enoch Powell, sitting with his colleagues of the United Ulster Unionists below the gangway, told of probable hitches in the timetable.

It is clear that Mr Powell and at least some of his friends intend to move amendments to convert the measure into a

United Kingdom Bill instead of a Bill for the protection of the British mainland from the repercussions of events in Northern Ireland.

Mr Powell will argue that proscription must apply equally throughout the United Kingdom, and he may be expected to raise the question of the "common travel area" which still applies to the Irish border under the Immigration Act, 1971.

Many Conservatives, and perhaps some Labour backbenchers, have a different tactical objective. They are seeking the restoration of capital punishment for specifically terrorist crimes.

Two Birmingham MPs, Mrs Jill Knight and Mr Percy Grieve, QC, raised the question with the Home Secretary in questions yesterday, and within an hour of the statement Mr Robert Banks, the Conservative MP for Harrogate, was collecting Conservative backbench signatures for an early-day motion reading: "This House calls for the introduction of

capital punishment for those convicted of planting bombs and causing death."

There is no doubt that recent bomb atrocities, in which death and mutilation were meted out to innocent people at random, has drastically shifted Commons opinion about hanging for some offences.

Mr Wilson, Mr Jenkins, and the Cabinet are recognizing the change when they promise an early debate on the subject, though preferably at a time when emotions are less engaged than they are now.

Those close to Mr Jenkins, a profoundly convinced abolitionist throughout the time hanging was a running controversy in politics, say he admits the force of public feeling in the new situation, to the point where if he were persuaded that restoration of the death penalty for terrorism would prove an effective deterrent he would overcome his repugnance. But all the evidence is that he has not yet been so persuaded.

In the general approval with which the Commons fortified the Bill, the Department of Justice demands that all these publishing houses be perpetually enjoined and restrained from entering into the sort of agreements that have existed since 1947.

British publishers 'in US conspiracy'

From Frank Vogt
US Economics Correspondent
Washington, Nov 25

The United States Department of Justice filed a civil suit against 21 big publishing houses today, charging that they have conspired since 1947 to "illegally divide world markets among themselves."

Several of the American companies charged are affiliates or subsidiaries of British publishing houses. The suit names the Publishers Association, which is a British organization of almost all important British publishing houses, as a co-conspirator, but not as a defendant.

The suit charges specifically that "competition among United States and United Kingdom publishers has been suppressed, book buyers have been deprived of open competition and the international trade in English language books has been restrained."

The suit, filed in the United States District Court in New York today, claims that the defendants and the co-conspirators (members of the Publishers Association) have violated the Sherman Act, which deals with monopoly and cartel practices, by being engaged in a conspiracy to restrain trade in unreasonable restraint of interstate and foreign commerce.

In effect, the companies are charged with making agreements to divide up the world market, create exclusive sales territories for themselves. This, the Department of Justice maintains, has suppressed competition in the sales of English language books from the United States to Britain and the British Commonwealth.

The Department of Justice demands that all these publishing houses be perpetually enjoined and restrained from entering into the sort of agreements that have existed since 1947.

If the Department of Justice wins its case, then the defendants could face substantial fines, but the suit today makes no specific proposals on this.

The suit directly affects a business with an annual volume of well over \$2,500m (£1,090m). As the legal brief to the court notes, the annual volume of American book sales, excluding book clubs and mail order, is \$2,900m. The largest book publisher, Random House, has sales of \$450m. The country imports about \$140m of books a year.

In addition, the brief points out that Britain is the largest foreign market for American books and that Britain imports a total of more than \$65m of books a year while it exports more than \$185m a year.

The suit charged that whenever a copyrighted book is published by one of the defendants in the United States and is also published in the United Kingdom, the British publisher is charged with the duty of securing the exclusive right to publish the book in the United Kingdom.

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New operation gives patient two hearts

A new technique of heart transplantation was pioneered in Cape Town yesterday by Professor Christian Barnard, who implanted a second heart in the chest of a man aged 58 without removing the patient's own heart. The condition of the unidentified patient after the five-hour operation at the Groote Schuur Hospital was reported as satisfactory, with the two hearts beating independently.

The donor of the second heart was a girl of ten who was fatally injured in an accident. The new technique, which had previously been tested successfully with baboons, could replace conventional total transplants.

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Professor Barnard yesterday pioneering a new technique.

1p libel damages for colonel in 'bottom-spanking' case

Lieutenant-Colonel John Brooks yesterday won his "bottom-spanking" libel action against *The Sunday People*, who had accused him of trapping young girls for sadistic purposes. But the jury of nine men and three

women awarded only 1p damages. Each side must pay its own costs, thought to total between £12,000 and £15,000. Afterwards Colonel Brooks said he would continue to spank "prerogative, willing and tempting" girls.

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Summit agenda 'too detailed'

Mr Roy Hattersley, Foreign Office Minister of State, told EEC foreign ministers in Brussels that the document on inflation, unemployment, regional policy and energy drawn up for next month's summit conference in Paris was too detailed and inhibiting. He proposed that it should be regarded as a background document, thus allowing a genuine discussion at the summit.

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Local finances: The Government's rate-support grant to local authorities for 1975-76 will be announced to council leaders today by Mr C. Rosland, Secretary of State for the Environment.

Battered babies: Parents of injured children should be admitted to hospital with them for observation of their behaviour, conference told.

Washington: President Ford gives a sober assessment of the arms race with Russia reached at Vladivostok.

Addis Ababa: More executions are feared in the aftermath of the shooting of 60 leaders.

Rebellion in Iraq: Colourful Kurdish irregular soldiers are now able to take on the regular army in set-piece battles.

Coins: Rare guineas minted in 1703 from plundered Spanish gold expected to fetch at least £15,000 at Sotheby's.

Beirut: Eight-page Special Report on business and finance in an economy which thrives in spite of internal imbalances and outside pressures.

Dr Kissinger in Peking

Shortly after arriving in Peking yesterday, Dr Henry Kissinger, the American Secretary of State, went to the hospital where an "alert" Mr Ghou, the Chinese Prime Minister, is receiving treatment.

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Features, pages 16 and 19

Bernard Levin says a length of rope will never be the answer to a bomb.

Robert Fisk, reporter, says a new quality of terrorism is spreading in Northern Ireland.

Fashion: Prudence Glynn takes in a show by Vivienne Westwood.

Diary: Michael Leppman reports on a day at the races at the Royal Ascot Sports Club.

Letters: On the crisis in the stock market from Mr J. J. Fraser; on terrorist activities in Britain from Peter R. Wood and others.

Leading articles: The massacre in Ethiopia; Higher rates, poorer services.

Special pages 13 and 24

Crickler: MCC beat Queensland in last match before first Test; Football: FA Cup second round draw; Rugby: Union - England area trial.

Nine hurt in London pillar box blasts

By Staff Reporters

Nine people were injured by three letter bombs which exploded in three different pillar boxes in London during the rush hour last night.

The first was outside the office of the pacifist newspaper, *Peace News*, in the Caledonian Road, King's Cross. Two people were injured.

About 15 minutes later another small bomb went off in a letter box outside Swan and Edgar in Piccadilly Circus. Five people were taken to St George's Hospital, Hyde Park Corner, with slight injuries.

The third explosion, in which a woman was slightly injured, was near the Metropole Cinema in Victoria Street, Victoria. The explosions happened about three hours after the Home Secretary announced in the Commons plans to ban the IRA.

In the Caledonian Road explosion the pillar box disintegrated, showing large fragments of metal 20 yards or more.

The police said not many people were about. The two casualties were thought to be drivers of passing cars. After treatment for minor injuries at University College Hospital, the men were discharged.

There was almost no damage to surrounding buildings. The front of the shop below *Peace News* was slightly damaged and the roadway was littered with shredded letters.

Collections suspended: The Post Office has cancelled all letter collections from post boxes in the M1 and W1 areas of London until further notice. An official said: "We naturally have to do everything possible to safeguard our staff, who face an unknown amount of danger while the Post Office is used as a channel of terrorism."

In the W1 area alone 1,500,000 letters are handled each day. "We are not going to seal off the boxes, because there are certain difficulties involving security," the spokesman added. The situation would be reviewed daily and further restrictions imposed if warranted.

Parcel warning: London public house landlords have been advised by the police and the licensing association, the Central London Board, to search customers who bring parcels or brief cases into their establishments.

Mr Guy Brady, chairman of the board, said last night that they were taking "war-time measures" to combat the latest IRA threat of London bombings.

Landlords were being advised to check their bars every twenty minutes. They were being advised to ask regular customers to report anything suspicious.

Places where fighting is usually dimmed will have it turned up, and customers will be asked to park cars away from public houses.

"We very much regret the inconvenience these searches will cause to customers, but we just can't be too careful. We are not taking any chances. We are taking every precaution we can take for the time being," he said.

He said they were very concerned about the situation and did not think it would end "for quite a long time".



The Duke of Edinburgh chatting with Mr David Longthorpe, aged 18, a Birmingham bomb victim, while visiting Birmingham General Hospital yesterday.

Duke sees Birmingham victims

From Arthur Osman
Birmingham

The Duke of Edinburgh yesterday visited Birmingham General Hospital and Birmingham Accident Hospital to see victims of last week's bomb explosions.

Birmingham, it appears, had no knowledge of his surprise visit until mid-evening on Sunday, when the royal decision was, it is said, communicated from Buckingham Palace to the Home Office, on to the West Midlands police and then to the staff of the Lord Mayor of Birmingham.

The timing caused some surprise. It meant a 9 am greeting for the Duke at Birmingham airport and, with the disruption around the Victoria law courts, it added inconvenience for those going about their normal business.

However, a thin and ragged cheer from the much-reduced shopping crowds in the city later in the morning as he inspected the bomb damaged public houses indicated that his presence was welcome.

At Birmingham Accident Hospital, where some of the injured are being treated, the Duke went into the intensive care unit. Sister Margaret Harrison said later that he had asked three men and a woman patient: "Are you being looked after properly? Are there any complaints?"

One man, who was able to speak, was asked: "Are you feeling better?" and replied "No."

An engaged couple, Mr John Kattigan of Coventry, and Miss Susan Thomas of Tulseley, Birmingham, who were holding hands, were asked: "How often do you see each other?" Mr Kattigan replied: "Five nights a week." The Duke observed to Miss Thomas: "Seeing him will make you right quicker."

To another man who had a wound in his face he said: "Can you eat?" There was no reply.

At the end of the visit Mr Henry Procter, a consultant surgeon, said: "The Duke was charming to them all. I think they all appreciate the visit. The Duke was cheerful, and that was the right attitude."

After the Duke had left Mr Procter spoke of the possibility of a later amputation operation on a victim's leg, saying: "I think there is one limb that will have to come off."

Earlier, at the general hospital, the Duke had said to Miss Sandra Nicholson, aged 25, of Birmingham, whose injured legs were covered by a bed cage, "What have you got under there, caudex?"

Of the original 184 injured, about 20 are still at the accident hospital and 16 at the general hospital. Nine are still in a critical condition.

The last four of the 19 dead were identified yesterday. They included brothers Mr Eugene Kelly, aged 23, of Ralph Road, Salford, and Mr Desmond Reilly, aged 20, of Tyburn Road, both Birmingham.

They were both Roman Catholics. They were born in Birmingham after their parents had moved there from Co Donegal in the Irish Republic.

The other two victims were West Indians: Mr Paul Davis and Mr Neil Marshall, both aged 20 and of Nechells, Birmingham.

Six men remanded on bomb-death charge

Six Ulster-born Birmingham men accused of murdering a schoolgirl victim of last Thursday's bombing in Birmingham were remanded in custody until Thursday, at Birmingham yesterday. They were charged with the murder of Miss Jane Davis, aged 17, one of the 19 people killed in the two public house explosions.

Armed police were among scores of officers on duty in and around the Victoria law courts and everyone entering the building was searched and asked for proof of identity. Parking was banned in streets near by, and admission to the court was restricted to those involved in the case.

The men appeared in the dock separately during the eight-minute hearing. Reporting restrictions were not lifted.

Each man appeared accompanied by a detective in a crowded court, where nearly 50 uniformed and plain-clothes officers, some armed, were on duty. The six were:

Hugh Callaghan, aged 44, unemployed; Patrick Joseph Hill, aged 30, unemployed; Robert

Army orders more troops into north Belfast streets

From Robert Fisk
Belfast

After another day of random sectarian shootings in which two men died and two more were wounded, the Army last night ordered two battalions of troops on to the streets of north Belfast in an attempt to prevent the assassination squads from travelling through the city.

About 700 soldiers set up vehicle checkpoints and road blocks, sealing several streets between Protestant and Catholic districts, searching cars and questioning drivers.

Battalions already in the city are being used and there is to be no increase in troop strength in the province.

The Army said it was imposing "strict security measures in high risk areas of the city" that might inconvenience people, but it was hoped that they would reduce violence and avert further killings. The measures would be enforced for varying periods.

The Royal Ulster Constabulary said yesterday that more men would be drafted into the

VC10 crew played game of nerves

From Simon Scott Plummer
Tunis, Nov 25

The British air crew from the hijacked VC10, released in Tunis today, described the nerve-racking ordeal of trying to stop their excited Arab captors from blowing up the aircraft with all of them in it. They said they had not expected to get out alive.

The Arabs surrendered to the Tunisian authorities this morning with no written safe-conduct. The Tunisian Government is holding them under arrest while considering what action to take.

Captain James Fitcher said that it was important to establish some sort of relationship with the guerrillas to keep them calm. "They did get terribly excited, when things weren't happening quickly enough for them," he said. "In dealing with such people, you realize their position and you agree with them. That's the way you have to play it."

The captain and his two flight officers tried to persuade the terrorists that the whole world would condemn them if they blew up the crew with the VC10. They had argued that if the Arabs let them off and then destroyed the airliner, the guerrillas would be seen as martyrs and their cause would be recognized. In the event the aircraft was not blown up.

Mr Frank Sharples, the flight engineer, said that the atmosphere grew particularly tense after the terrorists shot Herr Kehl, a German passenger, on Saturday morning.

When the crew saw his body carried past the flight deck on a stretcher, "we knew from that point they were capable of carrying out everything they had said."

Report and photograph, page 9

U Thant dies aged 65

New York, Nov 25 - U Thant, Secretary General of the United Nations from 1961 to 1971, died today, aged 65. He was announced here. He was succeeded by Dr Kurt Waldheim in January, 1972.

Overseas selling prices

Republic of Ireland: Dublin, 9p; London, 10p; New York, 11p; Paris, 12p; Rome, 13p; Tokyo, 14p; Hong Kong, 15p; Singapore, 16p; Kuala Lumpur, 17p; Bangkok, 18p; Manila, 19p; Jakarta, 20p; Colombo, 21p; Ceylon, 22p; Madras, 23p; Bombay, 24p; Calcutta, 25p; Rangoon, 26p; Saigon, 27p; Hanoi, 28p; Peking, 29p; Moscow, 30p; Leningrad, 31p; Warsaw, 32p; Prague, 33p; Bratislava, 34p; Vienna, 35p; Zurich, 36p; Bern, 37p; Luxembourg, 38p; Brussels, 39p; Amsterdam, 40p; Copenhagen, 41p; Stockholm, 42p; Oslo, 43p; Helsinki, 44p; Tallinn, 45p; Riga, 46p; Vilnius, 47p; Kaunas, 48p; Ljubljana, 49p; Zagreb, 50p; Belgrade, 51p; Sofia, 52p; Athens, 53p; Istanbul, 54p; Ankara, 55p; Ankara, 56p; Ankara, 57p; Ankara, 58p; Ankara, 59p; Ankara, 60p; Ankara, 61p; Ankara, 62p; Ankara, 63p; Ankara, 64p; Ankara, 65p; Ankara, 66p; Ankara, 67p; Ankara, 68p; Ankara, 69p; Ankara, 70p; Ankara, 71p; Ankara, 72p; Ankara, 73p; Ankara, 74p; Ankara, 75p; Ankara, 76p; Ankara, 77p; Ankara, 78p; Ankara, 79p; Ankara, 80p; Ankara, 81p; 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HOME NEWS

Provisional Sinn Fein pours scorn on banning of IRA and expects the move to fail

From Robert Fisk
Belfast

The Provisional Sinn Fein movement in the Irish Republic and Northern Ireland responded with predictable scorn yesterday to Mr Jenkins's banning of the IRA. Mrs Maire Drumm, vice-president of the organization, said he had announced only what was expected of him. "Until he takes some action, we don't know how drastic this is going to be, but it was the expected line," she said.

Other, less official, republican sympathizers put it more bluntly. "The Irish Republican Army is illegal in both parts of Ireland," one said. "But proscription has never harmed them here."

Protestant organizations in Belfast were concerned to discover whether any of the restrictions would apply to them. Several Ulster Defence Association men have been imprisoned in Britain for possession of weapons and, since the Protestant private army maintains branches in London, Liverpool, Bristol and Glasgow, they were trying last night to discover whether their own activities would come under surveillance on the mainland.

Ironically, the most recent trend in Northern Ireland has been to lift proscriptions from previously banned organizations. Earlier this year, for example, Mr Rees, the Northern Ireland Secretary of State, decided to legalize the Provisional Sinn Fein movement and the Protestant Ulster Volunteer Force. The Government hoped that that would encourage both organizations to take part in elections and renounce support for violence. The UVF contested the general election in one Belfast constituency, but Sinn Fein refused. Mrs Drumm suggested last night that Mr Jenkins was acting in accordance with policies directly opposed to those of Mr Rees.

The Belfast police yesterday were unable to give the number of IRA men who have been convicted of membership in the

province, although records in the republic show that 167 convictions have been obtained there for IRA membership since emergency legislation was passed in May, 1972. The Irish authorities, like their opposite numbers in the North, regard the proscription of the IRA as useful, but scarcely essential in the war against terrorism.

In the North, many of those convicted of IRA membership were in fact imprisoned for more serious offences while in the Irish Republic, where men convicted of IRA membership receive six-month sentences similar to those which will be given in Britain. More than 80 of the 167 convictions since May, 1972, were accompanied by sentences for crimes such as possession of explosives.

The most serious problem in securing such convictions in Britain is likely to be the same as that in Northern Ireland: that members of illegal organizations do not carry membership cards.

Provisional IRA sympathizers have always feared that their members may be deported from Britain, although about two years ago an official IRA sympathizer was refused permission to land in Britain at Manchester and the authorities were instructed to ensure that he left the United Kingdom. He was promptly put on an aircraft to Belfast which, of course, is part of the United Kingdom.

While Provisional IRA marches will no longer be allowed in Britain, the authorities in Belfast have no doubt that they will continue in that city. It would be virtually impossible for the Army or police to prevent republican demonstrations, complete with banners and speakers supporting the IRA, in the middle of exclusively Roman Catholic districts where thousands of people, though they may not tacitly support the Provisionals, would violently oppose any interference by the authorities.

The principal target: The main organization likely to be affected by the new measures

is the Provisional Sinn Fein, political wing of the Provisional IRA. It has about 15,000 members in 17 branches throughout Britain, and although officials say it is expanding they refuse to give details (the Press Association reports).

The main centres are in London, Birmingham, Coventry, Leeds, Manchester and Liverpool. Its leader is Mr Brendan Magill, aged 41, a married man with five children, who has two shops selling Irish books and records in Kilburn and Shepherd's Bush, London. He is the national organizer in Britain.

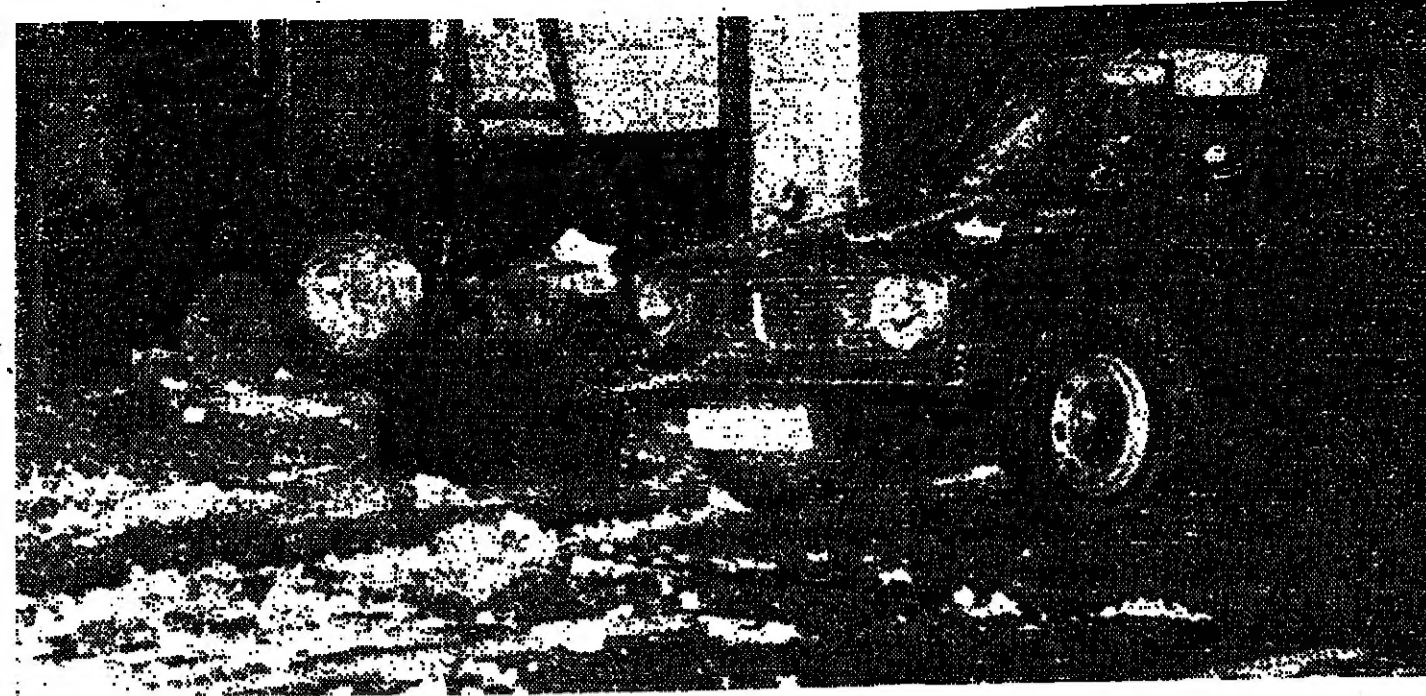
The president is Rory O'Brady (Rory O'Bradeigh), a former technical school teacher who lives in Co Roscommon, in the Irish Republic.

Mr Magill and Mr George Lynch, the party's regional organizer in the Midlands, both went to Ireland for the funeral of James McDade, the IRA bomber who blew himself up in Coventry on November 14. They have not yet returned to England.

The Provisional Sinn Fein has always emphasized its separatism from the Provisional IRA, and its leaders have said there is no connection between the two. While technically that may be true, their aims are identical: the achievement of an all-Ireland socialist republic.

Liberty infringed: A spokesman for Clann na h'Eireann, a political section of the republican movement, said the Government's plans were a definite infringement of civil liberties. The claim was solely a political organization and, as such, not affect it. But the plans were a definite infringement on civil liberties which must be opposed. They were open to the widest interpretation possible, the spokesman said.

At its annual meeting in Leeds at the weekend the claim was made for the support of British trade unions to resist the imposition of what it called police state regulations.



A pillar-box bombed yesterday outside "Peace News" in Caledonian Road.

Police accept need for IRA ban

Continued from page 1

Mr Jenkins in his measures there were other pressures than those for the return of hanging.

Within the Shadow Cabinet later this week consideration will be given to the argument broached by Mr Mark Carls, a former Home Office minister, that the Bill should be extended to cover acts of terrorism not related to Northern Ireland affairs; and the probability is that Sir Keith Joseph, shadow Home Secretary, will move an amendment to that effect, without pressing it to a decision.

Another argument, finding a home only the IRA, the Home Secretary will be empowered with the flexibility to extend the provisions to other named organizations as need occurs.

Mr Jenkins has already announced the penalties for the offences that are being created by the Bill. Under the proscription provisions the maximum penalty will be six months' imprisonment or a £400 fine, or both, on summary conviction, and five years' imprisonment or an unlimited fine, or both, on conviction on indictment.

On dress (including arm-bands) or display, summary

conviction will carry a penalty of three months' imprisonment or a £200 fine, or both. As the Home Secretary said: "It will be an offence to wear clothing or arm-bands which are plainly IRA insignia but which fall short of the requirements for a successful prosecution under the provisions of the Public Order Act, 1936, which prohibits the wearing of political uniforms." It will also be an offence to carry banners in support of the IRA.

The same penalties as those for membership of a proscribed organization will apply to a person who fails to comply with an exclusion order or a person who assists knowingly somebody against whom an exclusion order has been made.

In spite of some Westminster pressure on both sides of the Commons Mr Jenkins has rejected the proposal for the reintroduction of identity cards. He believes that the documents could be easily forged and that the demand made on resources in manpower and money would be high in proportion to the achievable results. Nevertheless, he promised that he would keep the proposal in mind.

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On dress (including arm-bands) or display, summary

BBC 'will have to take account of ban'

The BBC would have to take account of the ban on the IRA when considering interviews, Sir Charles Curran, the director-general, said yesterday.

"Since 1971 no interview with a member of the IRA has been allowed without my express permission," he said in a statement. No interviews were planned with members of the IRA.

A Staff Reporter writes: Careful consideration is given by the broadcasting authorities to any news material that mentions the activities of the Provisional IRA, or contains interviews with its leaders.

In the case of independent television, discussion takes place between the company concerned and the Independent Broadcasting Authority, as happened in the case of Mr David O'Connell, the IRA chief of staff, interviewed on London Weekend's *Weekend World* last Sunday week.

In that case the authority decided that the programme was dealing with all aspects of Northern Ireland, including an attempt to inform the public on the current attitudes of the IRA leadership, and the IBA gave permission to broadcast the interview. Broadcasters have an obligation to inform, as have those employed in other media.

In a Commons written reply yesterday, Mr Silkin, the Attorney General, said he had read the transcript of the interview with Mr O'Connell, who threatened to intensify the IRA campaign in Britain. In his opinion no criminal offence was committed by those responsible for the transmission of the programme.

Mr David Tudor Price, solicitor for the council, said Dr Flavin had prescribed the tablets between September 7 and December 28, 1973.

Mr John Crowley, for the defence, said Dr Flavin had been unwell for a long period and had resigned. For five years he had had to seek help from junior partners and locums.

After one locum had left, a man variously known as Kaundra or Kamara had come to the doctor's surgery asking for repeat prescriptions, saying the locum had started the treatment. The man began saying he was collecting prescriptions for other people as well. Dr Flavin gave them to him.

Mr Crowley admitted that it was serious to issue prescriptions without knowing or examining the people concerned. The doctor was not as diligent as he might have been, he said.

The doctor was not present yesterday and sent a medical certificate. The committee that had appeared before twice before, once in 1962, a conviction for driving the influence drink, was taken; and again in 1968, when no action was taken.

Dr Flavin has 28 day appeal. The committee discharge doctor found guilty of neglecting his duties as a practitioner under the b service.

Dr Eileen Brady, Surgery, Roundhay, Leicester, appeared before committee last March when he was decided to postpone a trial for eight months. Her conduct might be under review.

Sir John Richmond, chairman, yesterday announced that the committee had decided that it would be appropriate to discharge the case. It was therefore continued.

Eire plans new legislation against terrorists

The Government of the Irish Republic is preparing new anti-terrorist legislation, Dr Conor Cruise O'Brien, Minister for Posts and Telegraphs, said yesterday that he expected an announcement soon. He said that such legislation had been contemplated for some time.

There has been speculation that the Government was planning a law under which persons accused of certain offences in Britain could be tried in an Irish court.

Man obtained 4,500 pills from doctor

A doctor who prescribed more than 4,500 tablets in three months to the same man was yesterday ordered to be struck off.

The man had collected 13 different prescriptions under one name, and another 13 under different names, the Disciplinary Committee of the General Medical Council was told.

Dr Michael Flavin, aged 64, registered at Parkside Road, Reading, Berkshire, had given up his practice because of ill health and was "in the twilight of his life", the committee was told.

He was charged with issuing prescriptions for drugs of addiction or dependence otherwise than in the course of bona-fide treatment.

The committee found him guilty of serious professional misconduct and ordered his name to be erased from the register. It directed suspension of his registration forthwith.

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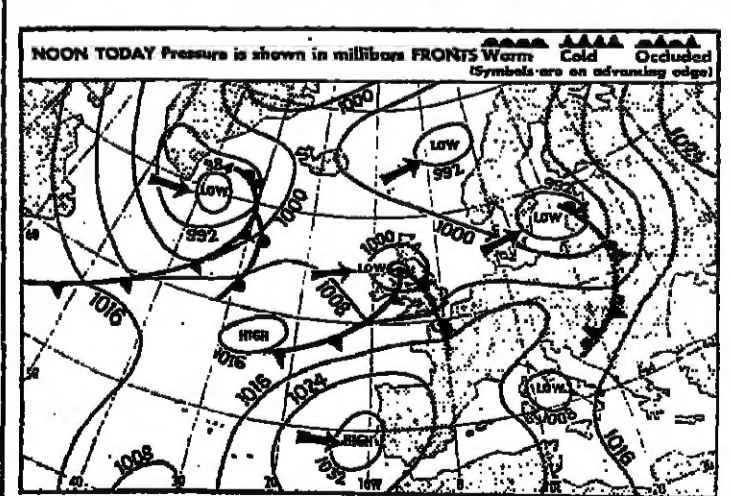
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Weather forecast and recordings



Today
Sun rises: 7.36 am
Moon sets: 3.53 pm
Moon rises: 3.53 am
Full Moon: November 29.
Lighting up: 4.29 pm to 7.8 am.
High water: London Bridge, 10.59 am, 6.1m (20.0ft); 11.33 pm 6.4m (21.0ft).
Avonmouth, 4.15 am, 10.9m (35.8ft); 4.44 pm, 11.3m (37.0ft).
Dover, 8.20 am, 5.8m (19.0ft); 8.55 pm, 5.9m (19.2ft).
Hull, 2.59 am, 6.2m (20.5ft); 3.46 pm, 6.4m (21.0ft).
Liverpool, 8.37 am, 7.4m (24.3ft); 8.51 pm, 7.7m (25.2ft).
A depression over Ireland is expected to move rather quickly E into the North Sea.
Area forecasts:
London, SE, central S, E, NW, central N England, East Anglia, Midlands: Cloudy, occasional rain, mainly dry with clear intervals later; wind S fresh, veering W, increasing to gale; max temp 11°C (52°F).
Channel Islands, SW England, Wales: Cloudy with rain at first, hill fog, brighter but showery later; wind W, strong or gale; max temp 12°C (54°F).
Lake District, Isle of Man, NE England, Borders, Edinburgh, E, SW Scotland, Glasgow, N Ireland: Cloudy, occasional rain or showers.

2, fair; 3, rain; 4, sun; 5, snow.	6, fog; 7, drizzle; 8, rain; 9, snow; 10, hail; 11, sleet; 12, ice.	13, heavy rain; 14, heavy snow; 15, heavy hail; 16, heavy sleet; 17, heavy ice.	18, heavy rain; 19, heavy snow; 20, heavy hail; 21, heavy sleet; 22, heavy ice.	23, heavy rain; 24, heavy snow; 25, heavy hail; 26, heavy sleet; 27, heavy ice.	28, heavy rain; 29, heavy snow; 30, heavy hail; 31, heavy sleet; 32, heavy ice.
Amsterdam 10 12	Cologne 10 12	London 10 12	New York 10 12	Paris 10 12	Rome 10 12
Berlin 10 12	Düsseldorf 10 12	Manchester 10 12	San Francisco 10 12	Stockholm 10 12	Vienna 10 12
Bombay 10 12	Frankfurt 10 12	Sheffield 10 12	Singapore 10 12	Uppsala 10 12	Zurich 10 12
Buenos Aires 10 12	Hamburg 10 12	Sunderland 10 12	Sydney 10 12	Warsaw 10 12	
Calcutta 10 12	Kiel 10 12	Toronto 10 12			

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Mr Mason to reveal defence cuts next week

By Henry Stanhope
Defence Correspondent

The Government's awaited statement on the defence review will be made by Mr Mason, Secretary of State for Defence, in the House of Commons next Tuesday.

It will detail most if not the cuts in defence which the Government proposes to make although they may be amended after consultations with Britain's allies during the two or three months.

Chiefs of staff of the Services are to be briefed on the Cabinet's final decision on the Ministry of Defence.

The statement will reveal the intention to end the last vestige of the British presence in Singapore, cut into Britain's commitments in the East Atlantic and northern Norway and reduce the force in Cyprus.

The RAF will lose its Britannia transport aircraft some VC10s. The Royal Marines will probably be reduced to a single brigade. The contribution to Nato will be virtually intact, but all Services will suffer equally in the cuts.

All the cuts will be planned over a period and the Government is expecting at least some criticism from its allies as from its right wing. The review will certainly provide for the devastation of armed forces that have earned in some quarters, four Polaris submarines, four Polaris strategic nuclear submarines, will be retained.

The statement is also expected to announce the Cabinet's decision to run down of facilities at Simonstown, Africa.

Free booklet of prices and legal rights

By a Staff Reporter

A comprehensive shop guide, outlining in clear simple terms the legal rights of consumers, where to go for advice, and tips on credit, is published today by the Office of Fair Trading.

Copies of the 26-page booklet *Fair Deal*, can be obtained free of charge from local information trading standards and consumer protection departments.

Consumer Advice Centre Citizens' Advice Bureau, in a forward to the booklet, said it was produced in response to complaints by many people that they had to look through many different books and leaflets for consumer information.

separable Catholic brothers om Donegal died together in Birmingham pub blast

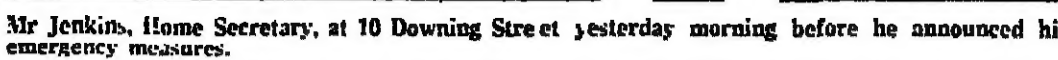
for morale,

100

Replying to Mrs Jill Knight,

Killers take nine lives in Ulster in four days

Parliamentary report, page 12
Bernard Levin, page 16



Accused man denies fear of Provisionals

100

Bridget Dugdale court told of burning fuse on flight

were taken on board. Two were
thrown out shortly afterwards.

The hearing was adjourned until today.

**Public urged to
buy cameras
to beat bombers**

1. The first step in the process is to identify the problem or issue that needs to be addressed. This involves gathering information and understanding the context of the problem.

MPs press for death penalty debate

100-443887-1

Replying to Mrs Jill Knight,

Parliamentary report, page 12
Bernard Levin, page 16

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HOME NEWS

Colonel is awarded
1/2p damages
for 'sex trap' libel

Lieutenant-Colonel John Elliott Brooks, aged 64, won his High Court action for libel yesterday, but was awarded only 1/2p damages. A jury of nine men and three women took three hours to decide that the former mayor, solicitor and hunting squire had been libelled in *The Sunday People*.

As he left the court after the verdict Colonel Brooks said: "As far as I am concerned, we won."

Workmen on scaffolding, cleaning the Law Courts, shouted on being told the result: "We will have a collection for you." Jostled on every side, Colonel Brooks said: "I am not despondent. It was worth bringing the action." He said he could not change his style of life.

The colonel brought his action over an article in *The Sunday People* which accused him of setting a "sex trap" for young girls and assaulting Miss Susan Carr, aged 21, a Manchester University student, on board his boat, Adelaide Cottage III.

Colonel Brooks, a former Mayor of Kensington and Chelsea, claimed damages from IPC Newspapers Ltd and Mr Michael O'Flaherty, the writer of the article. They denied libelling Colonel Brooks, of Carlyle Mansions, Cheyne Walk, Chelsea.

As a result of yesterday's decision, each side must pay its own costs. Total costs are estimated at between £12,000 and £15,000.

Mr Michael Eastham, QC, for the defendants, told Mr Justice

Bristow that although Colonel Brooks had won the case, the amount of damages awarded was so derisory and contemptuous that he could order Colonel Brooks to pay the newspaper's costs.

But the judge said the defendants could have paid a modest sum into court to protect themselves against having to pay their own costs if they thought the claim lacked merit. "Even one penny would have been enough," he added.

Mr Eastham said the decision not to pay money into court had been taken deliberately.

Mr Roger Gray, QC, for Colonel Brooks, asked for the usual order in the circumstances, no order on costs. The judge agreed and judgment was formally entered for Colonel Brooks.

Afterwards, Colonel Brooks commented: "It has cost a lot of money. But it sometimes costs a lot of money to prove the truth, as you gentlemen of the press know. In order to prove the truth I would have spent my last penny. It has been proved I have been telling the truth."

The colonel spoke of the loyalty of his family, friends, staff and clients as he walked across the Strand to the Wig and Pen Club for an impromptu press conference.

Since the last war several libel actions have ended with similar awards. In 1964 Dr Wladislaw Dering, a former prison doctor in Auschwitz concentration camp, was awarded a halfpenny for libel in *Exodus*, the book by Leon Uris. In



Colonel Brooks: awarded 1/2p damages, but must pay his costs.

January this year Lady Docker was awarded 1/2p in a libel action against the *Sunday Express*.

Miss Carr, a former pharmacy student, whose disclosures to *The Sunday People* brought about the case, was not in court yesterday. Last week she had told the jury that she was

smacked on her bare bottom about thirty times by the colonel. Miss Susan Godwin, *The Sunday People's* reporter who "bugged" the colonel's conversation at the Wig and Pen club, was absent also.

Ending his three-and-a-half-hour summing-up, the judge said that if the jury found for the plaintiff they had to remember that damages were compensation for Colonel Brooks and not punishment for the newspaper.

But they had to bear in mind that it was not Colonel Brooks's surface reputation they were concerned with; it was the reputation he ought to have in view of the truth about himself which had fallen from his own lips.

Was the colonel's real reputation that of a practising sadist ready to take on a two girl crew on an afternoon cruise if the family was not on board? Or, the judge asked, was the truth of the matter that he took girls for his perverted sexual requirements only when they were provided willingly through the good offices of Miss Dorothy Rolfe, his sporting and social secretary.

If it was, the jury might well ask themselves how much lower a man could get in the eyes of right-thinking people than that.

Parental
'clues'
to battered
babies

From Our Correspondent
Chester

Parents should be admitted to hospitals with their injured children for observation, a conference on battered babies was told yesterday. The behaviour of parents is crucial in determining whether a baby is the subject of battering, Miss Jean Davies, a state registered nurse and health visitor, told the one-day conference at Chester.

One mother, she said, had been discovered feeding her "poisoned" child with barbiturates while still in hospital under the eye of the nurses. She said: "Ideally, you should be able to admit both mother and father to hospital to observe their behaviour."

Between four and five thousand children a year in the United Kingdom are "battered". It has been estimated. About a tenth of them are estimated to die of their injuries and four hundred suffer permanent brain damage.

Miss Davies said schools should give more preparation for parenthood. She said: "With the crowded curriculum and pressure to pass examinations this instruction often only involves children in the lower-intelligence range and in many cases it involves only girls. It is just as important for boys to learn about family relationships." Home management also should be taught, as trouble in the home often arose from the pressure of being in debt.

Fathers should be more involved with their babies. "Seeing a film on the birth of a baby is not enough. The father should be allowed to hold the baby, and never mind the germs," Miss Davies said.

Dr Ann Rakkes, a consultant paediatrician, of Poole, emphasised the importance of allowing the mother to hold her baby in the early hours of its life, particularly after feeding. Many cases of later battering, she said, could be traced back to the baby being "whisked" away from its mother.

Such treatment might be clinically better but it was not psychologically better.

Asked whether baby-batterers should be sterilized, Mr Raymond Castle, chairman of the conference, and head of the battered baby research unit of the National Society for the Prevention of Cruelty to Children, said: "I would not advocate sterilization. But mothers often recognize that they need help, and are refused it. For example, a GP may refuse to help over an unwanted pregnancy and encourage the mother to go through with it. We see two results."

Sex in 'Last Tango'
degrading, jury told

The film *Last Tango in Paris* went on trial at the Central Criminal Court yesterday in what is regarded as the most important obscenity trial since the case of *Lady Chatterley's Lover* in 1960.

The jury, which includes three women, has to decide whether the film is obscene, in a private prosecution said to be without precedent in Britain.

Mr Robert Harman, QC, for the prosecution, said it was the first case of its kind to be brought under the Obscene Publications Act; the first time a prosecution had been brought against a film being shown in a public cinema licensed by a local authority (the GLC); and the first prosecution of a film for which the British Board of Film Censors had issued a certificate.

The case has been brought on a private summons by Mr Edward Shackleton, aged 69, a Festival of Light campaigner and retired Salvation Army officer, of Highworth, near Swindon.

Mr Shackleton, a social worker, told the court that he was personally responsible for taking out the summons. He saw the film at the Prince Charles Theatre in October, 1973, having travelled to London to see it with a view to a private prosecution.

Before seeing the film he had written to the police and the Director of Public Prosecutions. The prosecution was his decision alone.

Mr Shackleton agreed that he did not usually go to the films. It was the first time he had seen *Marlon Brando* act. He did not dispute that the film had been running for 18 months at the Prince Charles Theatre, was now on general release, and had been seen by about two million people.

The jury were told that they would be shown the film, and were sent home for the day while the judge heard legal arguments.

The distributor, United Artists Corporation, has denied two charges: having an obscene article for publication for gain; and publishing it by letting or hiring the film to the Prince Charles Theatre. United Artists is represented by Mr Jeremy Hutchinson, QC, and Mr Richard Du Cann, who were both junior defence counsel defending Penguin Books in the *Lady Chatterley's Lover* case.

Before the jury were sworn the judge refused a prosecution suggestion that he should

inquire of potential witnesses whether they had seen it. Mr Justice Kenneth said the jury had to be at random.

Mr Harman told the jury that *United Artists*, a disincorporation, was far from the aura of shad street organizations at films.

Last Tango, made in 1972, was shown at the Charles in 1973. Its stars were Marlon Brando and Maria Schneider.

The film, which has a certificate, was freely to be viewed by anyone of the age of 18.

For the purposes of an article was obscene tended to deprave and corrupt. There were scenes which might find highly indecent that was neither here nor there, they found potentially harmful.

Mr Harman said the about a man in his late fifties and a girl half his age. "The pr submits that this film is because of the sadistic to sex which the character played by Marlon Brando with violence and the body of the girl".

"He is determine know the girl as a hub but as an object on get his own kicks. Sh age to have been his and he treats her as prey for sex without emotion: a distraction personal despair and boost to his vanity."

"He degrades her of intercourse within of their meeting, du they are still both ful They have intercourse against the wall of apartment. Thereafter frequently in the ap that he can repeat their anonymous sex scenes."

"There is an occas he performs an act on her, making her re he assaults her, blasphemies and obs on the spur of the imagines."

Mr Harman said ended with the girl al man dead.

Mr Harman said view of United Artists was a great artistic re by persons of th integrity.

Dia

Government warned not to
cut teacher-recruiting

By Our Education
Correspondent

The National Union of Teachers has warned the Government not to take the irrevocable step of cutting down on recruits to teacher-training because of "inadequate and precarious" forecasts on the declining birthrate.

Mr Prentice, Secretary of State for Education and Science, told the Commons last week that the 1981 target for the total teaching force could be cut by more than 50,000 without any fall in standards.

Mr Alan Evans, the union's education officer, said yesterday that the Government should not draw up its programme for teacher-training and education on the basis of very precarious projections and yet at the same time give scant

attention to the operational needs of schools and the nature of the teacher's job. He called for a detailed scrutiny of manpower needs.

The warning comes on the eve of today's meeting of the Advisory Committee for the Supply and Training of Teachers, when the Government's representatives are likely to get a tough reception from union members.

The Department of Education and Science will discuss with the advisory committee proposals to cut drastically the target set in 1972 to have 510,000 teachers by 1981.

Yesterday Mr Evans cited a previous report by the advisory committee which indicated that by 1981, despite the birthrate projections, 511,000 teachers would be needed.

Police in murder
hunt sail into
mock sea battle

A policeman was flown back to Dyce, Aberdeen, yesterday with reports from the five murder squad on board the fleet of naval ships engaged in mock nuclear battles in the North Sea. The detectives hunting the murderer of a woman shop assistant near Rosyth dockyard before the six-nation fleet sailed.

Mr Robert Morrison, Chief Constable of Fife, said yesterday: "The constable left the Dutch frigate *Friesland* while the ships were anchored at Scapa Flow. It is now essential that we cross-check information gathered by the 29 policemen on board the warships with that being collated ashore."

"We cannot yet point the finger at any particular ship but we are now pursuing one or two useful leads."

Smaller telescope would still
be 'an ugly intrusion'

From Our Correspondent
Walespool

The smaller radio telescope Manchester University proposes to be built at Melford, near Walespool, would still be an ugly intrusion in landscape, Mr Simon Meade, director of the Council for the Protection of Rural Wales, said yesterday.

The university originally planned to erect the world's largest steerable radio telescope on the site with a 375ft diameter dish. Many objections were heard at a public inquiry before the Secretary of State for Wales gave approval.

Earlier this year the project was abandoned by the Science Research Council because of rising costs. The university submitted a fresh planning application to Montgomery District

Council for an instrument with an 80ft diameter dish.

Mr Meade said that although an 80ft telescope would be less objectionable, it would be out of accord with the planning policy for the area. The university had admitted that it had not taken amenity or environmental considerations into account.

"The criteria were scientific alone, dictated by the immense size and the consequent need for a large area of radio quietness," he said. "Though the objections put forward various alternatives, none of them was said to fulfil these requirements as well as the Melford site."

He thought that there must be a far wider choice of suitable alternative sites for a smaller telescope.

Gas released at sea

The operation to clear the arsine gas from the Asia freighter into the atmosphere in the Atlantic has been successful, it was learnt yesterday.

Ban on cane sou-

Bolton Social Ser-mittee yesterday banning the cane at ment for naughty homes.

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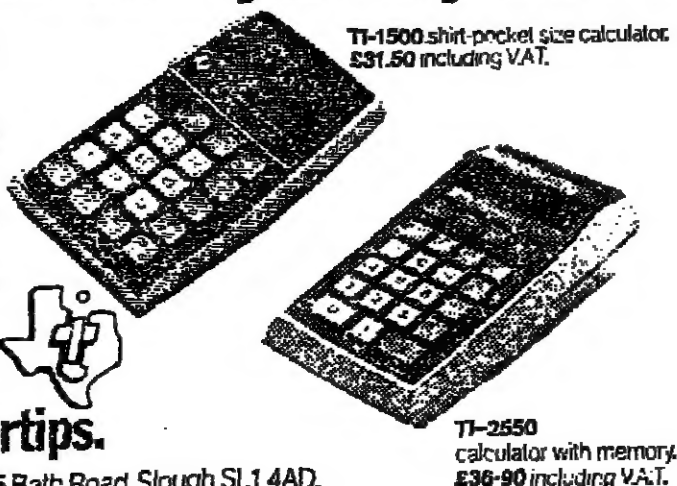
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WEST EUROPE

Mr Hattersley says EEC summit agenda is too detailed

From Roger Berthoud
Brussels, Nov 25

Mr Roy Hattersley, Minister of State at the Foreign Office, made a surprise attempt here today to save Mr Wilson from having his hands tied in advance of next month's EEC summit conference in Paris.

At the third meeting of foreign ministers to prepare the ill-starred summit, Mr Hattersley suggested that the heads of government might find the 24-page document on inflation, unemployment, regional policy and energy, drawn up by senior officials, a little too detailed and inhibiting.

He proposed that it should be forwarded to the summit with a covering note indicating that it was simply a background document on the main problems of the day. The heads of government could then have a genuine discussion, rather than squabbling over disputed passages.

Mr Hattersley, who was standing in for Mr Callaghan, seemed to have no objection to the parallel paper on improvements in the EEC's decision-making machinery being treated as a full working document at the summit (which is still expected to take place on December 9 and 10).

This is still subject to British reservation to the Council of Ministers, direct elections to the European Parliament and the goal of economic and monetary union. These may be the subject of a separate statement.

The British claimed the support of the German, Dutch and Luxembourg governments for their suggestion. But the French chairman, M Jean Sauvagnargues, clearly did not welcome it and discussions continued without a final decision.

The Irish and Italians, with the former's Minister, Sigaro Aldo Rumor, in tough

form as Foreign Minister, continued to insist on an adequate regional fund as a prerequisite of summit attendance.

The Labour Government is still preferring to concentrate on Britain's contribution to the EEC budget rather than the benefits received from it; and the Germans appear determined not to allow the British to benefit without an assurance of continued British membership.

According to Benelux sources, there was general agreement that the fund should concentrate initially on Ireland and Italy. Its size is likely to remain in dispute for some time.

The Germans, budget-conscious as ever, resisted the European Commission's suggestion that the EEC's existing social fund should have its 1975 budget of 334m units of account (£140m) increased by 200m units to help areas hit by the oil crisis.

Some progress was made on the fight against inflation. The essence of this was that countries with balance of payments surpluses (like West Germany) should reactivate their economies under certain conditions to help deficit countries. The present level of private consumption should be frozen, with all growth channelled into productive investment in deficit countries.

On energy, the prospects of the Paris summit redeeming last December's Copenhagen fiasco seemed dim. The French, who alone are boycotting the new International Energy Agency (consumers group) want EEC support for a conference with the oil producers.

Other partners suspect this may be premature, and want France to join the Agency. President Giscard d'Estaing may wish to keep his options open for his meeting after the EEC summit with President Ford.

Barcelona workers find cardinal as their ally

From Our Correspondent
Madrid, Nov 25

Nearly 14,000 employees of Spain's biggest car manufacturer, Seat, sued the company in Barcelona today for alleged unfair labour practices. Their action has coincided with a call from the Archbishop of Barcelona to the Government to legislate strikes.

The 13,654 workers are demanding compensation for a 10-day lockout recently imposed by Seat after strikes during labour negotiations. Rarely if ever before in Spanish legal history has a suit had so many claimants.

In his request to the Government, the Archbishop, Cardinal Narciso Jubany, did not specifically mention the Seat dispute but he did refer to "serious concern" about extensive labour disputes in the archdiocese. The message in the form of a note, was issued on Saturday, but no mention of it was made in yesterday's Madrid newspapers.

"The right to strike must be regulated by law," the note said. "The hour has come for those who enjoy certain privileged positions to accept that they should renounce them."

Entrepreneurs were exerting "strong pressure on workers by threatening dismissals, interrupting professional advancement and closing down businesses."

New legislation on labour was urgently needed because the existing legislation "has consequences of a diverse nature, prejudicial to the common welfare."

The note argued that the present labour laws "create illegal and clandestine situations."

Furthermore, "a new view of what public order should be" impels authorities to use "pressures which paralyse actions aimed at achieving just labour concessions."

The archbishop appealed for a more equitable distribution of income, saying that capitalists "should accept new forms of participation, in which the workers should be present."

Cardinal Jubany's note is one of the toughest and most direct attacks on policies of the Franco regime from a leading representative of the Roman Catholic Church in this country since the church-state crisis at the beginning of this year. The latter resulted from a Basque bishop's public plea for greater official recognition of Basque culture, customs and language.

As far as Bonn is concerned this is the most serious incident since Iceland unilaterally extended its fishing limit more than two years ago from 12 to 50 nautical miles.

It came as a particular surprise as the resulting "cold war" seemed to have died down months ago, especially after an interim agreement had been arrived at between Iceland and Britain. So far, however, no such pact has been concluded with West Germany.



Family business: shanty-town dwellers in Rome take their children with them to demonstrate.

Rome square invaded from slums

From Our Own Correspondent
Rome, Nov 25

The famous square, attributed to Michelangelo, surrounding Capitol Hill is hung with slogans demanding homes for the shanty-town dwellers, and a

relay of women are maintaining a loud stream of amplified protests audible through much of the site of ancient Rome.

The equestrian statue of Marcus Aurelius in the centre of the square has a roughly painted picture, hanging from the horse's tail, showing a slum building infested with rats. The slogan reads: "This is how we live".

Round the base of the statue are 13 photographs of slum dwellings. The ceremonial staircase of the municipal council chamber is surrounded by a placard reading: "We want houses".

Other placard points out that there are 60,000 empty lodgings in the city while thousands of people are living in inhuman conditions.

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Pope calls abortion discrimination

From Peter Nichols
Rome, Nov 25

The Vatican today issued a sternly worded declaration reiterating a total ban on abortion. Never, it is pointed out, under any pretext could abortion be resorted to, either by a family or by a political authority as a legitimate means of regulating births.

Roman Catholics are forbidden to favour any law admitting the principle of abortion or to vote for such a law.

The declaration is signed by Cardinal Seper, Prefect of the Sacred Congregation for the Doctrine of the Faith, the former Holy Office. The Pope ratified the declaration in June, confirmed it and ordered that it be promulgated. It is some 4,500 words in length and is entitled *Declaration on Procured Abortion*.

As it contains nothing new in the way of Roman Catholic teaching on the subject and is, admittedly, a reconfirmation, the document was presumably addressed to Catholics in countries where abortion is under public discussion, which include France and Italy.

The document states that the problem of procured abortion and its possible legalization had become "more or less everywhere" the subject of impassioned discussions. These debates would in any case be not a question of human life, a primordial value, which must be protected and promoted.

"Everyone understands this, although many look for reasons, even against all evidence, to promote the use of abortion. One cannot but be astonished to see a simultaneous increase of unqualified protests against the death penalty and every form of war and the vindication of the liberalization of abortion."

The document asserts that the first right of every human being is his life. "He has other goods and some are more precious, but this one is fundamental—the condition of all the others. Hence it must be protected above all others. It does not belong to society, nor does it belong to public authority in any form to recognize this right for some and not for others."

All discrimination is evil, whether it be founded on race, sex, colour or religion. It is not recognition by another that constitutes this right. This right is antecedent of its recognition. It demands recognition and it is strictly unjust to refuse it."

Any discrimination, the document continues, based on the various stages of life is no more justified than any other discrimination.

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Kissinger hospital meet with Mr Chou En-lai

From David Bonavia
Peking, Nov 25

Dr Kissinger, the American Secretary of State, had a meeting lasting half an hour with Mr Chou En-lai, the Chinese Prime Minister, at a hospital in Peking tonight. Afterwards Dr Kissinger said he could see nothing extraordinary about Mr Chou, with whom he had remained about past conversations.

At a banquet given in the Great Hall of the People by Mr Chiao Kuan-hua, the new Foreign Minister, Dr Kissinger said China and America would "continue the policy of normalization". Mr Chiao noted that Dr Kissinger had visited China six times before. In a toast, the Foreign Minister said great changes had taken place in the international scene in the past year.

He added: "The history of mankind always moves forward amid turmoil. In our view such turmoil is a good thing and not a bad thing."

Mr C paid tribute to the "great role Mr Richard Nixon played in improving Chinese relations."

"We also noted a statement President Ford made that he would implement the Sino-American Communiqué," the Minister said.

In reply to Mr Chou, Dr Kissinger said the normalization of Sino-American relations was "not an expediency but a fixed goal of American foreign policy."

He noted that President Ford had met with the Chinese Foreign Minister in Beijing within a few weeks of his taking office and that Mr Chou had visited the White House in 1973.

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OVERSEAS

Mr Ford puts a sober assessment on arms agreement with Russ

From Fred Emery
Washington, Nov 25

President Ford, evidently preferring the modesty counselled by Dr Kissinger, the Secretary of State, to the exultation of his press secretary, arrived home last night from his Far East summit sounding a note of restraint.

A new nuclear arms agreement with the Soviet Union, he said, "is now within our grasp" ceilings on strategic forces had been accepted but "many details remain to be worked out".

But he and Mr Brezhnev, the Soviet party leader, "established a sound basis for a new agreement that will constrain our military competition over the next decade".

Mr Ford is to begin briefing congressional leaders on the missile details tomorrow. Pending receipt of a written statement on numbers from the Russians, supporters are holding their applause and criticism in check.

It is far from clear whether the "ceilings" apply to warheads as well as to the missiles that deliver them.

The joint United States-Soviet statement expresses limitation only on missiles that can be equipped with the multiple warheads—not on how many they may carry.

Mr Ford sounded more sober than the triumphal return publicly envisaged in the euphoric Vladivostok by Mr Ron Nease, the Press Secretary.

It remains that the agreement is much more than any of the children. They have put up a tent where they keep a petition which passes-by are invited to sign.

The ceremonial staircase of the municipal council chamber is surrounded by a placard reading: "We want houses".

Other placard points out that there are 60,000 empty lodgings in the city while thousands of people are living in inhuman conditions.

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Another apparent gap announcement yesterday lack of limitation on power. Again, this is put in the Russians' advantage giving them greater weight a missile.

There is confusion in Washington over these details. Pentagon officials are saying that they have been the dark. The Baltimore reporter accompanying President Ford asserts that the number of MIRVs will be limited. The Washington man says the opposite.

Dr Kissinger's press conference in Vladivostok.

The tentative agreement is built on to the interim of 1972 which the United States has to land ICBMs, against 1 the Russians; and 656 launched missiles against the Russians.

Now to be included the American's 450 Russians 150 strategic plus whatever new missiles the Russians will be agreed.

The most striking feature of this new agreement is that the United States would, first time, reduce the number of missiles it is permitted to have. It is not a new build, but has not yet under the interim agreement to comply with one.

On the American side would have to be the acquisition of the press advantage the country MIRV technology.

While this remains prospect until firm a is reached, it cannot be looked that the two powers, for the first time, have agreed to reduce the number of missiles they may carry.

It is in this sense "cap" on the arms, the first step to reduce nuclear control.

The United States has far

Kissinger hospital meet with Mr Chou En-lai

From David Bonavia
Peking, Nov 25

Dr Kissinger, the American Secretary of State, had a meeting lasting half an hour with Mr Chou En-lai, the Chinese Prime Minister, at a hospital in Peking tonight. Afterwards Dr Kissinger said he could see nothing extraordinary about Mr Chou, with whom he had remained about past conversations.

At a banquet given in the Great Hall of the People by Mr Chiao Kuan-hua, the new Foreign Minister, Dr Kissinger said China and America would "continue the policy of normalization". Mr Chiao noted that Dr Kissinger had visited China six times before. In a toast, the Foreign Minister said great changes had taken place in the international scene in the past year.

He added: "The history of mankind always moves forward amid turmoil. In our view such turmoil is a good thing and not a bad thing."

Mr C paid tribute to the "great role Mr Richard Nixon played in improving Chinese relations."

"We also noted a statement President Ford made that he would implement the Sino-American Communiqué," the Minister said.

In reply to Mr Chou, Dr Kissinger said the normalization of Sino-American relations was "not an expediency but a fixed goal of American foreign policy."

He noted that President Ford had met with the Chinese Foreign Minister in Beijing within a few weeks of his taking office and that Mr Chou had visited the White House in 1973.

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OVERSEAS

Professor Barnard pioneers new transplant technique by giving patient a second heart

from Michael Knipe
Cape Town, Nov 25

Professor Christiaan Barnard, the South African heart surgeon, today implanted a second heart in the chest of a 58-year-old male patient. It is the first time a human heart transplant operation has been carried out without the patient's own heart being removed.

The patient, an unidentified married man with children, was reported to be in a satisfactory condition with his two hearts beating independently.

His new heart came from a 10-year-old who was fatally injured in an accident early yesterday. Hospital authorities said the heart was kept beating artificially in her body, which was initially dead, until the transplant operation began at midnight. It was completed five hours later.

Professor Barnard and his surgical team performed the operation on the tenth anniversary of the first heart transplant, also carried out at the Groote Schuur Hospital in Cape Town by Professor Barnard.

He said at a press conference today's operation that it was essentially simple but exciting as it could, to a great extent, replace total transplants.

The new heart was lying to the right of the diseased heart and had been put there to take over the function of the stricken left side of the old heart. The hearts were joined atrium to atrium and aorta to aorta; holes about the size of a British 50p piece were cut in the heart tissue, and the hearts were sutured together at these points.

"The beautiful thing," Professor Barnard said, "is that if the new heart is rejected, we can remove it and the patient still has his own heart."

The new operation had been tested successfully with baboons. There had been two candidates for today's operation and although it was preferable to use younger people as recipients, the older man had been selected because the tissue typing was more suitable in his case. He had been bedridden with terminal heart failure.

The operation opened a new phase in heart surgery, including the possibility of life for those heart-attack patients who died of shock. Professor Barnard continued. The new technique could have a great influence on prospective patients and their doctors.

Most deaths occur at or shortly after operation, and Professor Barnard's new procedure seems designed to cut this immediate mortality by reducing the length and complexity of the operation.

It takes advantage of the fact that in most cases of heart disease the left-sided chambers fail long before the right. By transplanting an extra heart in tandem with the diseased left side, he hopes to be able to restore its pumping action to a normal level.

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Mr Neville Trotter, Conservative MP for Tynemouth, denounced the article as "absolutely disgraceful."

"If there were more Churchills and fewer Burtons, we would be a very much better country."

Mr Norman Tebbit, Conservative MP for Chingford, Essex, said: "These are the words of a man who managed to win an Oscar about a man who won the war." The Conservative Shadow Leader of the House of Commons, Mr John Peyton, said: "It was more of a reflection on Mr Burton than on Sir Winston."

Two Watergate accused cleared on one charge

From Our Own Correspondent Washington, Nov 25

The prosecution rested its case today in the Watergate cover-up trial after presenting evidence for nearly eight weeks.

Defence counsel for the five defendants, Mr John Mitchell, former Attorney General, H. R. Haldeman, President Nixon's former chief of staff, John Ehrlichman, former presidential assistant for domestic affairs, Robert Mardian, former assistant Attorney General, and Kenneth Parkinson, former counsel to the committee to elect the President, made a routine request for the court to direct acquittals or rule a mistrial.

Judge John Sirica dismissed minor counts alleging that Mr Mitchell and Mr Ehrlichman lied to the Federal Bureau of Investigation, but ordered the defence to proceed on the other charges.

The first three defendants all face more serious charges of perjury in addition to the conspiracy to obstruct justice which is alleged against all five.

President Nixon's evidence is now needed only for the defence, although the prosecution called him too, Mr Ehrlichman, in particular, alleges through counsel that he was duped by Mr Nixon into a cover-up he did not believe in.

Doctors appointed by the court are due to begin examining Mr Nixon at his San Clemente home today. They were sent to find out whether he will be unfit to travel to Washington and appear as a witness, as his own doctors say.

If the court's panel of doctors agrees with Mr Nixon's doctors, Judge Sirica may order Mr Nixon's evidences to be taken at home in a television recording to be shown to the jury.

In another case today, John Connally, the former Secretary of the Treasury, was granted separate trials on the charges of perjury and bribery which he faces. He also petitioned unsuccessfully for the trial to be moved away from Washington. The first trial will begin on March 19.

British inquiry into security at foreign airports

By Arthur Reed Air Correspondent

The Government's plan for an immediate review of security precautions for British airlines, announced yesterday in the Commons by Mr Ennals, Minister of State, Foreign and Commonwealth Office, was generally welcomed last night by the airlines and airline unions.

The inquiry will concentrate on security at foreign airports

used by British airlines and arises from the hijacking of the British Airways VC10 airliner at Dubai. The airline pointed out that the hijackers did not board its aircraft as passengers, who were being screened, but crossed the airport's apron area to enter.

This area would have been the responsibility of the security forces of the airport, rather than that of the airlines using it.

British airlines have been

deeply conscious of their security responsibilities for several years now, and airports in Britain have an excellent record in the continuing campaign against the hijacker. This is largely because little expense has been spared. Estimates last night were that altogether some £10m a year is spent on safeguarding airliners from attack.

The latest inquiry on security overseas will be co-ordinated through the National

Aviation Security Committee, which was established in May, 1971. It consists of representatives of the Government, airlines, aviation unions—from pilots to airport workers—the police and the military among others.

One of the committee's first actions will be to call for reports on the VC10 hijacking from the airport authorities at Dubai and at Tunis, to which the hijackers ordered the airliner to be flown, and from British Airways.

Mr Churchill ignores Burton slur on 'killer'

Mr Winston Churchill said yesterday of the New York Times article by Richard Burton, the actor, describing his grandfather as a killer and a coward: "I am not convinced at all that that is his opinion." Mr Burton is playing Sir Winston in a television drama in America based on the first volume of Sir Winston's war memoirs, *The Gathering Storm*. He said in the article that, while preparing himself for the role: "I realised afresh that I hate Churchill and all his kind—I hate them virulently."

Mr Churchill, Conservative MP for Streteford, Lancashire, when asked if he wanted to comment, said: "You had better consult Richard Burton. When I had lunch with him shortly before the election, he was full of his role of Churchill and saying how much he admired Churchill. He almost thought he was Churchill."

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New York, Nov 25.—Mr Jack Le Vien, the producer of the television dramatization of Sir Winston's life, said today that Mr Burton's denunciation must have been an aberration.

"We completely dissociate ourselves with what Richard Burton said."

The production will be televised on Friday in the United States and next Sunday by the BBC to mark the hundredth anniversary of Sir Winston's birth on November 30.—Reuter.

Dr Waldheim in Damascus

Damascus, Nov 25.—Dr Kurt Waldheim, the United Nations Secretary-General, said tonight he was confident that the mandate of the United Nations disengagement observation force would be extended for another six months.

He was speaking at a press conference after a two-and-a-half hour meeting with President Hafez Assad of Syria. Dr Waldheim arrived in Damascus earlier to begin a three-day tour

of the Golan Heights and the West Bank.

VC10 hijackers give up without safe-conduct

Bucharest, Nov. 25. President Ceausescu of Romania called today for better relations with the Soviet bloc but rejected Kremlin demands for a world communist conference as being premature.

Greek Cypriots to be freed from hotel in Kyrenia

An official statement said the most important issues considered were the tracing of missing persons and the move-

For 18 years photographer David Laundy has been an intimate of his household. During the making of the artist's life and work

a painter . . .
Tony Palmer, So

Goodbye Pic
108 full color
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However, it would be too tions are more easily visible

UN call to break power

Police fail to break up

Landenderry, J. J. 1911.
Portland, J. J. 1911.
ISLE OF MAN
Douglas, J. J. 1911.
The Isle of Man, J. J. 1911.

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events today indicate that there is now no question of his withdrawing his resignation at the last moment.

Ohira's image has suffered as a result of his close association with Mr Tanaka. It is therefore conceivable that Mr Nakasone might change sides.

events today indicate that there is now no question of his withdrawing his resignation at the last moment.

However, Japanese political observers point out that Mr Ohira's image has suffered as a result of his close association with Mr Tanaka. It is therefore conceivable that Mr Naka-

some might change sides.

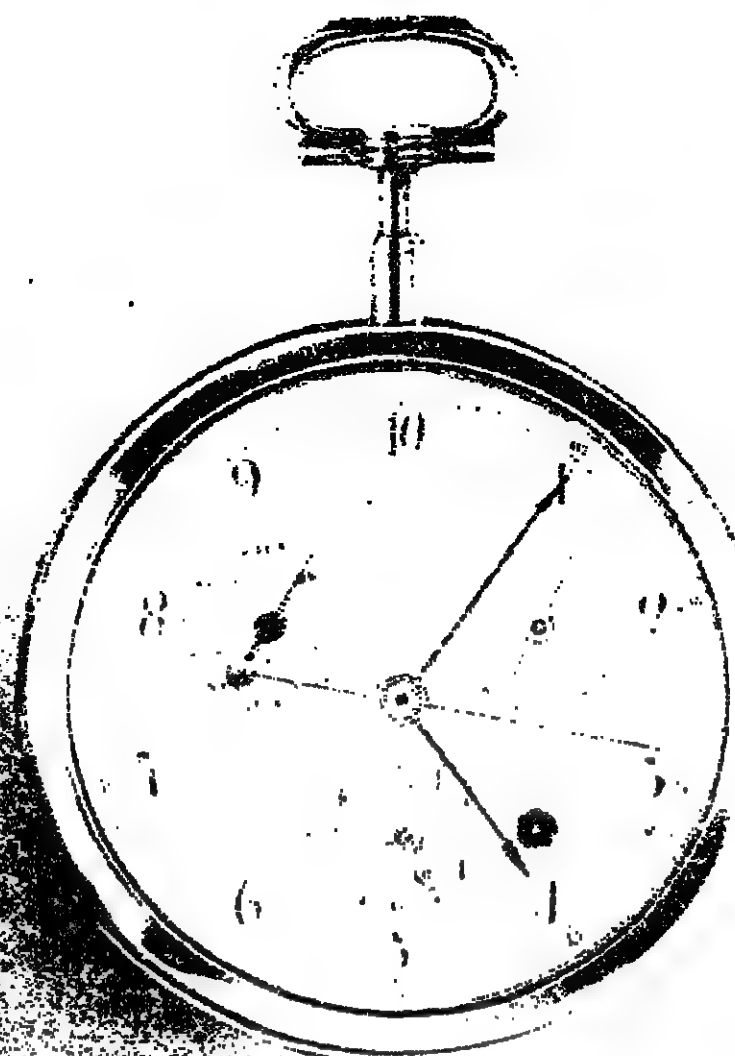
مَكْزَاةٌ مِنَ الْأَصْلِ



Japanese watch, made in Europe for a Japanese client, in 1742. Special embossing by Wilders of London. In Japan every hour had a corresponding sign of the Zodiac and the day was divided into twelve hours, each equivalent to two normal hours. These signs were allied to the five elements.



The Gallery of Portraits watch. Early 18th century. Movement signed by Baltazard Feure. By adjusting the winding crown the portrait in the small frame can be changed. This watch has several portraits, members of the family.



A silver decimal watch, made by Berthoud Freres, Paris, during the French Revolution. It follows the Republican calendar which had twelve months of thirty days and divided the day into ten hours of 100 minutes. Towards the bottom of the dial there is a small traditional dial. The Republican decimal system lasted only a year (1793-1794).

The world's most superb watches have always been rather costly.

The watches above are from a collection at the Rolex Headquarters in Geneva.

They were collected by Hans Wilsdorf, founder of The Rolex Watch Company, and form part of one of the finest private watch collections in the world.

All the watches were costly when they were new since the meticulous work of skilled craftsmen has always been valued highly. That is why a Rolex Oyster is a very expensive watch today.

Each one takes over a year to make.

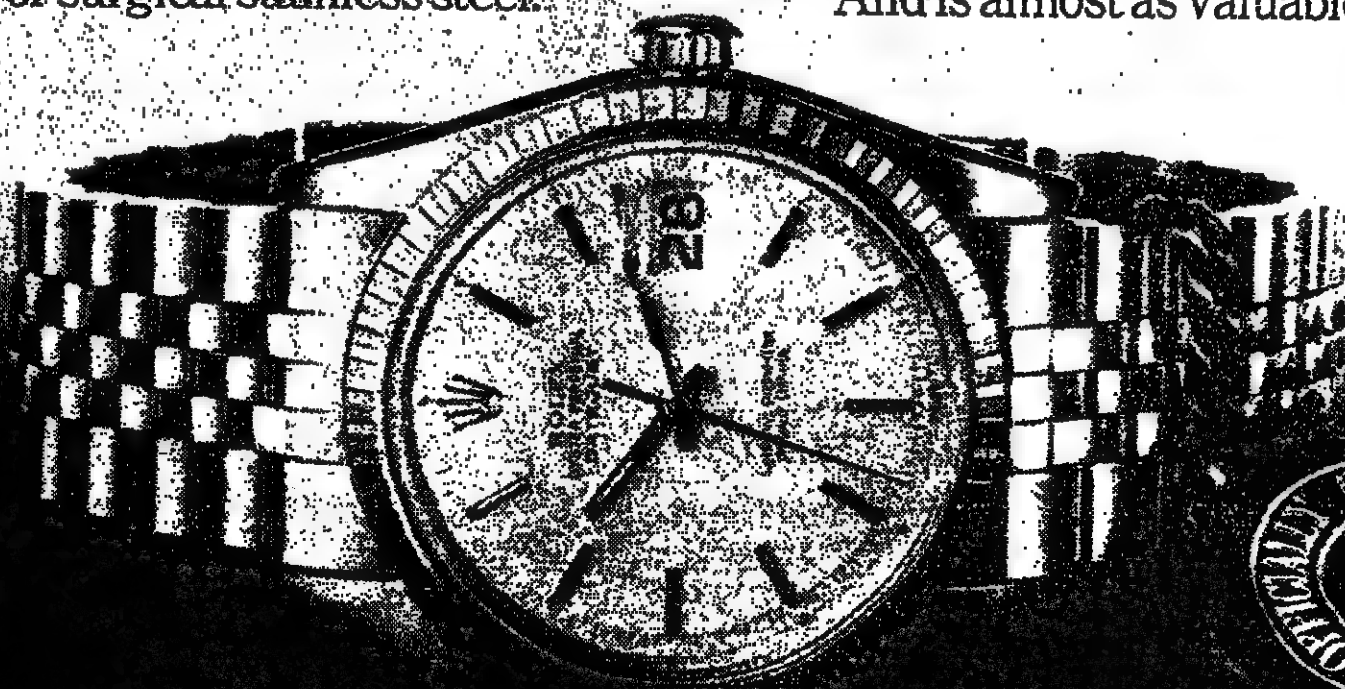
The case of the Rolex Datejust is carved from a solid block of 18ct. gold or surgical stainless steel.

The self-winding Perpetual movement has won almost half the official Swiss Chronometer certificates ever awarded.

The 'crystal' face is a unique Rolex device that actually becomes stronger under pressure; and the Rolex winding crown, which screws down onto the case and works very much like a submarine hatch, provides a virtually impenetrable seal. So any Rolex Oyster you can buy now is stronger, has a finer movement, and an artistry as enduring as the rarest collector's piece.

And is almost as valuable.


ROLEX
of Geneva



PARLIAMENT, November 25, 1974

IRA banned: travel controls on Irish: exclusion powers

House of Commons

MR ROY JENKINS, Home Secretary (Birmingham, St. George's), said: Since my statement to the House on Friday in the immediate aftermath of the Birmingham bombings, I have given careful consideration to the need to strengthen the powers of the police to prevent acts of terrorism in relation to Northern Ireland and to deal with such terrorists.

As the House is aware, I have hitherto, as have my predecessors, taken the view that proscription of the IRA would not be helpful to the police. I have, however, discussed the matter further with my police advisers and they now accept that proscription forms a necessary part of the framework of measures which we are putting into effect. (Cheers.)

The Bill, which I hope to introduce on Wednesday, will give the Home Secretary power to proscribe organisations concerned in terrorism or in promoting or encouraging terrorism with respect to affairs in Northern Ireland.

The Bill will specify the IRA at least, but additional proscriptions which may well be necessary will be made by order.

It will be an offence to belong to a proscribed organisation, to support such an organisation financially or in other ways. (Renewed Cheers.) The maximum penalty will be six months' imprisonment or a

£400 fine or both on summary conviction. (Shouts of "not out of the House.") It will be an offence to be a member of or a supporter of a proscribed organisation.

It will be an offence, punishable by a maximum of three months' imprisonment or a £200 fine or both, for a person to display in a public place any item of dress or other article so as to arouse reasonable apprehension that he is a member of or a supporter of a proscribed organisation.

It will thus be an offence to wear clothing or armbands which are plainly IRA insignia but which fall short of the requirements for a successful prosecution under the provisions of the Public Order Act, 1936, which prohibits the wearing of political uniforms; and it will be an offence to carry banners in support of terrorism.

On the precedent of the Prevention of Violence (Temporary Provisions) Act, 1939, the Bill will enable the Secretary of State to make exclusion orders, which would be enforceable by the police.

An exclusion order may be made against a person if it appears to the Secretary of State that he is concerned in the commission, preparation or instigation of acts of terrorism or is attempting or may attempt to enter Great Britain for

that purpose, or has knowingly harboured such a person or any person against whom an exclusion order has been made.

It is to be an offence, subject to the same penalties as membership of a proscribed organisation, for a person to fail to comply with an order which has been served on him or knowingly to facilitate the entry into Great Britain of a person subject to an exclusion order or knowingly to assist a person to evade such an order.

The Bill will empower a police officer to arrest without warrant a person who is reasonably suspected to be a person concerned in the commission, preparation or instigation of acts of terrorism, or a person who has knowingly harboured a terrorist.

The police will be able to detain for 48 hours (and for five more days with the consent of the Secretary of State) and to fingerprint a person arrested under these powers or for a major offence under the Bill.

These powers will, among other things, enable the police to hold a suspected terrorist while they question him, investigate his background and check his records. Under the law as it stands the police can arrest a person on suspicion that he has committed a specific offence

able offence but there are now limits (not clearly defined) to the length of time which they can hold him.

I have also considered carefully whether identity cards should be reintroduced. The demand made for resources by the manpower and money would be high, and although I propose to keep the possibility of an identity card system under review, my present conclusion is that the call upon resources would be disproportionate to any results which may be achieved.

Certainly no such system could be brought in quickly. I do not propose to delay other necessary action to await a final decision upon this.

Detention

The Bill will, however, empower the Secretary of State to make an order providing for the control of travel into and out of Great Britain (cheers) and for the appointment of examining officers (who would in practice generally be police officers, but who could also be immigration officers) to operate the control.

The order would confer powers of arrest, detention and search on examining officers.

The practical effect will be to give the police powers to exercise a security control over all passengers entering and leaving Great Britain for Ireland.

As present the police exercise surveillance at the ports concerned but they have no special powers to question or search travellers.

The new powers will, in the first instance, at any rate, be exercised on a spot-check rather than on a general basis. We must use our police and security manpower to the best effect.

The Bill provides for the expiry of the provisions six months after they become law, but the Secretary of State may, by order, which is to be subject to affirmative resolution, for them to continue in force for further periods of six months.

These powers are draconian. In combination they are unprecedented in peacetime. I believe they are fully justified to meet the clear and present danger. But I shall review within six months the way they work in practice and will propose any legislative changes which experience shows to be necessary.

We are seeking urgent discussions with the Government of the Republic of Ireland to consider with them their part in effective counter-terrorism operations. (Cheers.)

I hope that Parliament will make it possible to secure the Royal Assent to these provisions before the end of the week. (Renewed Cheers.)

Under attack

MR HIGGINS (Worcester, C.)—Society is under attack from terrorists on a number of fronts, and MPs have indicated the need to consider the problem of terrorism as a whole. We have an assurance that a full investigation will take place and a report made to the House.

Since there appeared to be no international support for this latest attack, will the Government press all the countries which have not yet signed or ratified the Montreal Convention to do so immediately?

MR ENNALS—There was no breach of the Convention. The passengers were not passengers. They attacked the aircraft after they had broken in to the airport itself. But it is a serious and serious question which has to be faced.

The Secretary of State for Trade (Mr. Peter Shore) has called for an immediate review of the security precautions of British airlines, particularly at overseas airports, to consider whether, and if so, how, they can be improved.

MR MENDELSON (Penistone, Lab.)—This underlines the awful

An immediate review of security precautions of British airlines

responsibility of the main powers that are concerned with international airlines for not reaching agreement before now on the proposed Convention of the Air Line Photo Association on many occasions.

Will he insist that these powers be called together immediately to start efforts to try to reach agreement so that tragedies of this kind are met with effective measures by all the powers most directly concerned?

MR ENNALS—We are in touch with Balpa and kept them fully informed of the crisis, and will be seeking their advice in the course of the review to be carried out by the Secretary of State for Trade.

It is deplorable that so many countries have not accepted the Convention, which is clearly a common-sense measure and so accept the responsibilities which are properly theirs. It is not through want of trying by the Government.

MR STEEL (Roxburgh, Selkirk and Peebles, L.)—A worst tragedy was averted precisely because the international community acted effectively and collectively to start efforts to try to reach agreement on the Convention.

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pressure on those governments ensure that the people who are concerned with the security of the airlines are not allowed to be more than the one murdered the German passenger.

MR ENNALS—The situation still not clear. The Government are considering it with a view to bringing appropriate relations to bear.

MR MATHER (Essex, C.)—He take international action there are effective penalties for terrorism. To have terrorism in the world is a very serious matter. They make good, extremely vulnerable.

MR ENNALS—The Government have signed and ratified the Convention of 1970 and the Convention of 1971, and are anxious that every country would stand by and the Montreal Convention.

MR GEORGE CUNNING (Islington, South and Finsbury, L.)—Will we not have a look at the possibility of setting up an international court which try such offences. Rats are not to be done by a national jurisdiction, in a have completely unified against this internationalist

Armed personnel

MR ENNALS—We will be seriously a number of people have been made, both House and outside, as to sons that should be learnt this tragic situation.

In answer to a further question he said: Since there is concern about this situation only abroad but as it might this country, the Government believe that armed personnel should be deployed at airports in the case of the current time. In the case of the major in this country, armed personnel are deployed here. On internal consultation, we shall opportunity of making a statement to the House.

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Foolish not to recognize demands for return of capital punishment

SIR KEITH JOSEPH (Leeds, North-East, C.)—After the Home Secretary has said that he will welcome warmly the proposals made by Mr. Jenkins. We will try to help the Government to deal with this through as quickly as possible. In Mr. Jenkins's own words, the powers are draconian and it is our job, whether we like it or not, to exist to deal with the terrorists, to prevent as much as possible an invasion of these powers upon the innocent. We must carry out this duty.

Will he assure us of adequate time, however, to get the legislation through as quickly as possible while reconciling the need to deal with the problem of terrorism?

MR JENKINS—Yes, I recognize these powers are draconian and it is impossible to respond to the need of the House and the country to deal with the present unprecedented situation without draconian powers. (Cheers.)

Draconian powers do involve certain awkwardness and that is why I propose to review them in six months. I hope and believe the House will proceed expeditiously.

I propose to introduce the Bill on Wednesday and I have debated and through all its stages on Thursday. How long we take over that cannot be a matter for undue complaint bearing in mind that I think there would be a great deal of time in the country if the Bill is not on the statute book by late Thursday night or early Friday. (Cheers.)

MR TREVELYAN (Birmingham, Yardley, Lab.)—Will Mr. Jenkins accept that the victims involved in last week's outrage irrespective of colour, religion or origins, although mostly young people, represent a normal cross-section of the Birmingham community? The only basic thing they had in common was that they were all innocent victims.

During my visits to some of these families in my constituency, the last victim I saw was a young teenage girl. She was badly burned and her name was Bridget O'Gorman.

Some families in their grief made it clear that they wished that no one would take the law into their own hands and that there would be no irresponsible people acting upon other innocent people. (Cheers.)

The measures Mr. Jenkins has introduced to deal with the lunatic fringe will be welcomed by these families. (Renewed Cheers.)

MR JENKINS—I am glad to hear what Mr. Trevelyan, who shares with me the representation of the Birmingham constituency, has said.

I reiterate what I said on Friday. One of the issues of the greatest importance is the need to get everything in our power to prevent further acts of terrorism, and we do not allow ourselves to be divided between the indigenous British people and the great mass of law-abiding Irish community in this country. (Cheers.)

That is why in Birmingham on Friday afternoon when I saw some of the victims I made a point of calling on the Muslim, the Hindu, the Sikh and the Roman Catholic Archbishop, who has spoken out so forthrightly.

MR BEITH (Berwick upon Tweed, L.)—We will want to assist Mr. Jenkins in getting parliamentary approval for measures which, however repugnant to civil liberties, are necessary to keep the murderous people with whom we are dealing at present.

In connection with identity cards, will the country be a more limited scheme to require people crossing from Northern and Southern Ireland to the United Kingdom to carry either identity cards or passports?

Is he satisfied these powers will enable him to deal with cases where business is a giving support to the IRA?

MR JENKINS—On identity cards, I indicated I was thinking they would help I would have them immediately, whatever the cost. They are the most eminently foreseeable documents and are not at present, but for the police in minor offences—but this is clearly not a minor offence—or for the Director of Public Prosecutions or the Attorney General.

Lord Hailsham has made some remarks but, as he indicated, the law of treason is obscure, and I take the view that there would be difficulties about making it an offence and obscure law. It is essentially not a matter for me.

MRS JILL KNIGHT (Birmingham, Edgbaston, C.)—I welcome what Mr. Jenkins has said as for three years I have consistently argued that the IRA might halt the growth of that organization in Britain.

Will he also accept that there is a demand outside the House in the Home Secretary's constituency for capital punishment? Would he be putting this in the Bill, recognizing that it is demanded elsewhere?

MR JENKINS—Yes, I recognize, as he has said, that there is a demand. I would not pretend otherwise, but no, I cannot pretend that such a measure is included in this Bill.

Nor do I believe, although there are divided views on both sides, that the House would think it right to deal with a matter which has perplexed the House for many years as part of a series of measures which would deal with the greatest speed this week.

However, I have indicated that I have no doubt that this matter will be dealt with in due course. We have to consider, whatever our positions have been in the past, not from the point of view of prejudice but from the point of our best judgment and belief, what would most help to give protection to innocent people.

MR CRAIG (Belfast, East, UUUC)—A wide ranging and extensive debate is needed to judge the merits of capital punishment. Mr. Jenkins can only on my support for the speedy passage of the Bill. This is only a useful start and we hope that other proposals will follow.

Will Mr. Jenkins clarify his remarks on exclusion or orders from the Bill in relation to people in Northern Ireland who would be excluded from Great Britain were free to operate in Northern Ireland.

MR JENKINS—note what Mr. Craig said about the general public. On the detailed operation of exclusion orders, it would be better to wait for the publication of the Bill in the House of Commons.

MR LEE (Birmingham, Handsworth, Lab.)—As a representative of the city which has suffered this unspeakable outrage I support these measures.

If identity cards were combined with photographs and fingerprints they might be effective.

In the event of another outrage of this kind, could there be a complete shutdown of all movement out of the country?

MR JENKINS—I will consider the identity card provisions but I am not convinced that they would be effective in their wartime form or the more elaborate form envisaged by Mr. Lee, they would produce words.

On the question of movement, we have provided for the police to have support powers. I am not convinced that they would be effective in their wartime form or the more elaborate form envisaged by Mr. Lee, they would produce words.

MR GRIFFITHS (Salford, C.)—The people of this country are entitled to like identity cards, but they are ready for them now. Identity cards with photographs, such as are common in the United States, would be a potent means of helping the police and security forces.

Opinion is now overwhelmingly in favour of identity cards for offences of terrorism. Mr. Jenkins has indicated there must be a case for them. What is it?

MR JENKINS—I have made clear it is not a question of my distilling identity cards. If I was given any support, I would be at an advantage. I am sure the British people would accept them.

It must be sensible to consider whether it is worth the cost of a sort, involving a great deal of manpower resources, would help. I will keep this under review and will be totally wrong to hold up other measures which I am sure will help, to await a decision on a problem which will have to be debated on the death penalty, but there were indications from both sides of the House on Friday that it should be debated.

MR HEATH (Bexley, Sidcup, C.)—We strongly support the Home Secretary and the proposals he has put before the House, and indeed to his readiness to keep an open mind on the other matters mentioned in connection with all the ghastly tragedies which happened in Birmingham and elsewhere.

In a free democratic society we would be at one with Mr. Jenkins and everyone in the House that we should prefer that we did not have such powers, but as Mr. Jenkins has said, the present circumstances demand them.

The proposal for a review every six months would appear to be a democratic safeguard which a democratic society requires of its Parliament when it is dealing with draconian powers of this kind.

It would enable a speedy passage of the Bill if we were able to concentrate on the nature of the powers in it and avoid a general discussion of the situation and the powers of the police and the powers of the police and the powers of the police.

MR JENKINS—It is not clear of the impact of the powers on the BBC and ITA. It would seem strange if other people who might give publicity to pro-

scribed organizations are liable to commit offences if they broadcast, and if they do so, they are so affected. (Cheers.)

I support the appeal he has made to the Government to deal with this matter further in the House of Commons.

MR JENKINS—I have written to the Home Secretary to say that the oil fields so far declared commercial inviting them to enter into discussions.

The Chancellor of the Duchy of Lancaster (Mr. Harold Lever) will this week be meeting some of the companies with major interests in the oil fields.

MR HAMILTON—What evidence is there that the oil companies are confident to the proposition put forward by the Government? Apart from the question of state ownership, can he give Labour MPs an assurance that the Government will take the profits of the oil not less than 80 per cent or what the Norwegians take?

MR VARLEY—We are entering into negotiations with the oil companies and it would be wise to spell out all the options available to the Government or how we propose to proceed with the negotiations.

MR ADLEY (Christchurch and Lynton, Lab.)—The Secretary of State for Energy was satisfied that recent wage increases in the coal mining industry had produced a significant improvement in productivity, improvement in industrial relations and reduction of absenteeism which he sought.

MR VARLEY (Chesterfield, Lab.)—The settlement of last year's pay dispute in the coal industry has paved the way for the coal industry examination—a unique exercise involving all sections of the industry.

Productivity has been significantly improved in the coal industry in the same period last year.

Absenteeism this year has been substantially below the level of recent years.

MR ADLEY—Is he or is he not satisfied that the great help towards better industrial relations if he came off the fence and supported those members of the NUM who have explained clearly what is going on in the NUM. Will he take positive steps to support the moderates in that union?

MR VARLEY—I support harmonious relations in the coal mining industry. I hope Conservative MPs are not going to make mischief over the next few months by questioning the NUM.

MR PATRICK MCNAIR-WILSON (New Forest, C.)—Does he feel it is possible to reach the figure of 120 million tons of coal production in the next three weeks? The determination of the NUM to insist on the implementation of the three week holiday agreement would mean that the country would lose two million tons next year.

MR VARLEY—I want to be frank. It is going to be extremely difficult for the NUM and the National Coal Board even to reach the 120 million tons, but I still think that the coal stocks, and our electricity system, is secure this winter.

September 18, I met the chairman of the CEBG and Sir Derek Evers, chairman of the NCB, and assuming, even without any production, that the NCB would be able to produce through this winter, our electricity system is secure.

The disaster on livestock farms could mean dissatisfaction for the consumer in 1975 and 1976. The interests of the producer and the consumer were made steady supply at stable prices.

There were other shortages. There was a shortage of milk and meat. There was a shortage of sugar. There was a shortage of butter. There was a shortage of eggs. There was a shortage of fruit. There was a shortage of vegetables. There was a shortage of fish. There was a shortage of poultry. There was a shortage of game. There was a shortage of honey. There was a shortage of wine. There was a shortage of beer. There was a shortage of spirits. There was a shortage of tobacco. There was a shortage of soap. There was a shortage of paper. There was a shortage of books. There was a shortage of clothes. There was a shortage of shoes. There was a shortage of furniture. There was a shortage of cars. There was a shortage of houses. There was a shortage of jobs. There was a shortage of money. There was a shortage of love. There was a shortage of life.

MR VARLEY—It is not for me to get involved in the day-to-day negotiations of the NUM. That was the province of the NUM and the Government.

It is regrettable that we are now going to get the 120 million tons of coal production in the next three weeks. The NUM and the NCB are now in a difficult position. The NUM are now in a difficult position. The NCB are now in a difficult position. The Government are now in a difficult position. The country is now in a difficult position. The world is now in a difficult position. The future is now in a difficult position. The past is now in a difficult position. The present is now in a difficult position. The future is now

Players may strike for their freedom

Football players may strike for their freedom from the Football Association, according to a report in the *Manchester Evening News*. The report says that the players are considering a strike to protest against the FA's control over their careers and to demand more freedom of movement between clubs.

An anniversary for Little remember a long time

Harry Harrison, a former footballer, has written a book about his experiences in the game. The book, titled *My Football Story*, is a memoir of his career and the challenges he faced. It is a long and detailed account of his time on the pitch and in the dressing room.

The working man's lad who is going places

A young player from a working-class background has made a name for himself in the football world. His story is one of hard work, determination, and talent. He has risen from the lower leagues to become a star player, and his journey is an inspiration to many young fans.

on-League clubs provide shocks

Non-League clubs have provided some surprising results in recent matches. In one game, a small club defeated a much larger team, while in another, a team from a lower division won against a higher one. These results have caused a stir among football fans and commentators.

ome ties for six of little clubs

Six small football clubs have managed to secure a draw in their recent matches. This is a significant achievement for these teams, as draws are often rare for clubs in lower divisions. The results have boosted the morale of the players and fans alike.

ond round draw

The second round of the FA Cup has produced a series of draws. Several teams have been unable to progress to the next stage, which has led to a reshuffling of the fixtures. The Football Association has announced that the matches will be replayed.

umph for a spirit that refused to break

A footballer's spirit of resilience and determination has led to a victory for his team. Despite being down to ten men, the team fought back to win the match. The player's performance was a testament to his character and the team's fighting spirit.

Niagara

The Niagara River is a source of inspiration for many artists and writers. Its powerful currents and majestic falls have been the subject of countless poems, paintings, and books. The river's beauty and power continue to captivate the imagination of people around the world.

Tooting gain 1,200 tickets for cup tie

The Tooting team has sold 1,200 tickets for their upcoming cup tie. This is a record for the club, showing a significant increase in fan interest. The team is looking forward to a home game that will be a sell-out.

Football results

Football results from various leagues and cups. The FA Cup, League Cup, and other competitions have produced some exciting matches. Results include wins, draws, and losses for teams from all levels of the football pyramid.

FA Cup

First round replays of the FA Cup. Several teams have been required to replay their matches due to draws in the first round. The replays have been closely watched by fans.

Today's fixtures

A list of football fixtures for today. The fixtures include matches from the Premier League, Championship, and other divisions. Fans are encouraged to watch the games and support their favorite teams.

Tennis

Ashe sees 'vast potential for good' in S Africa

Jimmy Connors, the American tennis player, has expressed his interest in playing tennis in South Africa. He believes there is a vast potential for the sport in the country and hopes to promote it through his visits. Connors has a long and successful career in tennis and is a role model for many young players.

Ogden York-bound

Alan Ogden, a professional footballer, has been transferred to York City. The move is expected to strengthen the team's defense. Ogden has a proven track record and is a valuable asset to any team.

Eton fives

Old Harrovian beat Old Clifton in a fives match. The match was a closely contested affair, with both teams showing great skill and teamwork. The victory for Old Harrovian was a significant one.

Council to ratify move on amateurs

The Football Association's Council is expected to ratify a move to allow professional players to play for amateur clubs. This move is controversial, as it could blur the lines between amateur and professional football. The Council will hold a meeting to discuss the proposal.

Hendrick has good day as MCC gain their second victory

From Joan Woodcock

Cricket Correspondent, Brisbane, Nov 25

MCC took a long time to wear Queensland down today but they did it in the end. They won by 46 runs with 5.5 of the last 15 overs to spare. Although for some years Queensland were the weakest of the state sides, this is the first time they have lost to MCC since 1932-33.

Of the four first-class matches they played before the first Test, Hendrick was the star. He took 11 wickets in the first innings and 11 in the second. His bowling was a mix of pace and accuracy, and he was a real asset to the team.

The first wicket was a long time coming this morning. For an hour and a quarter, Lawrence and Maclean hung grimly on, scoring only 15 runs in that time against Will. Hendrick's bowling was very well in much summer weather. The ball was behaving less unpredictably than yesterday, when it was mostly overcast. Playing conditions were good, and the first two came with run outs.

At 23 Maclean was thrown out by Underwood, who hit the one stump he had to aim at from over the top. At 32, Amis, running in from the middle, was bowled by Underwood. He was out for a sharp angle. On a smaller ground than this, Amis would have been a better batsman. He looked a bit better in this match. They have made the distance all right from the boundary, and Maclean's camped in with his first two catches, the second of them being spectacularly good.

He caught Kent, tall and bearded and seen by Richie Benaud as he right in the middle, driving his bat and then, left-handed and low, and also at slip, he caught Wayne. I shall be very sorry if Hendrick fails to make the Test side. His length being the best of any of the faster bowlers and his close catching a real asset. When Lawrence, who had batted with an assurance shown only by Chappell of the others, was out in the morning, he took three wickets in 15 balls, he was re-

placed by Willis, who at once bowled another deliberately short over, off which Chappell took 13 runs. By now, with Franche playing and moving with desperate regularity and Chappell looking in a different class to anyone else in the match, it was only a matter of time before the MCC were in danger of losing. But at 119 Franche was at last caught at slip, Amis holding a nice low catch. (Fletcher, who would normally have been there, did not field because of his damaged elbow.) When at 128 Chappell drove Hendrick straight to Old at cover point, hard and head high, it was actually all over.

Until Chappell hit him over mid-on for four, the ball before he was out. Hendrick had bowled 11 overs today for 50 runs. Hendrick had a splendid day. As in Queensland's first innings, Underwood also did a good job. This first seven over cost seven runs without any wickets. Hendrick's bowling was a mix of pace and accuracy, and he was a real asset to the team.

The settlement yesterday of the players' strike affecting the run man domestic airlines means that the Australian side will have no need now to hitch a lift to Brisbane. Jenner is said to have arranged his side in Perth, and the South Australia against Western Australia, but not badly. Mallett might have been asked to come and stand in for the injured Franche, who bowled well here for Queensland, is in good shape and should have a spin in the second innings.

The umpires on Friday will be Barlowe, who stood in the first match of the tour against South Australia, and Brooks, who had four Test matches against England in their last series here. They have a difficult job to convince the MCC party, and the Australians themselves, that there are two Australians unimpaired today good enough to take charge of a Test match. So long as the players of both sides don't set out to make their job harder than it already is, they should, I think, get by.

If both sides are as unguarded as they can be—especially Kent and Marsh, the two wicketkeepers—in their appealing, there could be a packed ball about. One thing: Barlowe and Brooks must take a line about bouncers, otherwise Brisbane later in the week could be a hot place to be, in more ways than one.

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MCC tour averages

Batting

Bowling

Fielding

Overall

Individual

Team

Match

Series

Country

Year

Rank

Score

Wickets

Runs

Centuries

Half-centuries

Five-wicket hauls

Ten-wicket hauls

Most runs in a match

Most wickets in a match

Most runs in a series

Most wickets in a series

Most runs in a country

Most wickets in a country

Most runs in a year

Most wickets in a year

Most runs in a team

Most wickets in a team

Most runs in a match

Most wickets in a match

Most runs in a series

Most wickets in a series

Most runs in a country

Most wickets in a country



Jumbo to Jumbo every week

East African Airways are pleased to announce a new service for the Safari Season.

From December 13th 1974 East African Airways will operate weekly Boeing 747 flights to and from Nairobi.

Because we service more points in East Africa than any other airline, because East Africa is our home territory and because we have a reputation for reliability, speed and efficiency, we're the natural choice for Safari travellers.

We're East African. Try us.

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Woolworth Building, 102 New St. Birmingham 2. Tel 021-643-445

86 St. Vincent St. Glasgow G2 2SL. Tel 041-221 8956

To March 28th 1975.

SPORT

Rugby Union

Pullin in first area trial after recovery from injury

By Peter West
Rugby Correspondent

John Pullin has been chosen to lead the South and South West in the first of England's area rugby trials, at Richmond on Saturday. In the first of England's area rugby trials, at Richmond on Saturday. In the first of England's area rugby trials, at Richmond on Saturday. In the first of England's area rugby trials, at Richmond on Saturday.

The sort of voice players listen to

By David Parry-Jones

As noon drew near John Dawes stole glances at his watch. "If I had to choose between a Triple Crown for Wales and Saturday's New Zealand next week," he said, "I would opt for the Crown. But I would not want to go to New Zealand next week."

E Counties strengthened in four places

Eastern Counties are strengthened in four positions against Surrey at Northampton tomorrow. Victor for the Counties would virtually assure them of the group title for the second successive year. The wings, McKay and Wyatt, and the back, Edwards, will provide the main attack.

Hockey

Two uncapped players in England party

Two uncapped players, Brian Disbury of Redditch and Robbie Smith of Oxted are included in the England party for the divisional tournament at Derby on December 14 and 15.

Boxing

Kirkman arrives with black eye from Frazier

Daniel Boone Kirkman, the American heavyweight who boxed Joe Bugner at the Albert Hall, London, on December 3, flew into London yesterday from Washington with a black eye. It was handed out to him when he was training with Joe Frazier, the former world champion.

Skiing

Collombin could miss opening of world cup

Berne, Nov. 25. The Swiss downhill skier, Roland Collombin, is being treated in hospital for a leg injury suffered in training for a leg injury suffered in training for a leg injury suffered in training.

Ben More favourite

Hills make Ben More 2-1 favourite for the Benson and Hedges Steeplechase at Sandown Park on Saturday.

The Benson and Hedges Steeplechase at Sandown Park on Saturday. The Benson and Hedges Steeplechase at Sandown Park on Saturday. The Benson and Hedges Steeplechase at Sandown Park on Saturday.

Racing

Saritamer settles in new home

By Michael Phillips
Racing Correspondent

Saritamer, certainly one of the best sprinters in training this season, has now arrived at his new home, the Wild Court Stud in Berkshire, where he will begin life as a stallion next year. His arrival there last week coincides with the last day of his training.

Newcastle's loss is Wetherby's gain

By Jim Snow
Racing Correspondent

Several good jumpers and not a few strong novice steeplechasers and hurdlers who would have run at Newcastle's abandoned weekend meeting will be in the saddle at Wetherby on Saturday.

Wetherby programme

12.30 LEEDS HURDLE (Div 1: £204: 2m)	1.0 HARROGATE STEEPLECHASE (Handicap: £545: 3m 10yds)
1.0 HARROGATE STEEPLECHASE (Handicap: £545: 3m 10yds)	1.30 SHEFFIELD HURDLE (Handicap: £340: 2 1/2m)
1.30 SHEFFIELD HURDLE (Handicap: £340: 2 1/2m)	1.45 STANMER HANDICAP HURDLE (£204: 2m)
1.45 STANMER HANDICAP HURDLE (£204: 2m)	1.50 BEACON STEEPLECHASE (£272: 2m)
1.50 BEACON STEEPLECHASE (£272: 2m)	2.0 AQUASCUTUM HANDICAP HURDLE (£841: 2 1/2m)
2.0 AQUASCUTUM HANDICAP HURDLE (£841: 2 1/2m)	2.15 SCAYNES HILL HANDICAP STEEPLECHASE (£442: 3m)
2.15 SCAYNES HILL HANDICAP STEEPLECHASE (£442: 3m)	2.30 GALEANO HANDICAP STEEPLECHASE (£550: 2m)
2.30 GALEANO HANDICAP STEEPLECHASE (£550: 2m)	3.30 NOVEMBER HURDLE (3-y-o: £204: 2m)
3.30 NOVEMBER HURDLE (3-y-o: £204: 2m)	

Plumpton programme

1.0 STANMER HANDICAP HURDLE (£204: 2m)	1.45 STANMER HANDICAP HURDLE (£204: 2m)
1.45 STANMER HANDICAP HURDLE (£204: 2m)	1.50 BEACON STEEPLECHASE (£272: 2m)
1.50 BEACON STEEPLECHASE (£272: 2m)	2.0 AQUASCUTUM HANDICAP HURDLE (£841: 2 1/2m)
2.0 AQUASCUTUM HANDICAP HURDLE (£841: 2 1/2m)	2.15 SCAYNES HILL HANDICAP STEEPLECHASE (£442: 3m)
2.15 SCAYNES HILL HANDICAP STEEPLECHASE (£442: 3m)	2.30 GALEANO HANDICAP STEEPLECHASE (£550: 2m)
2.30 GALEANO HANDICAP STEEPLECHASE (£550: 2m)	3.30 NOVEMBER HURDLE (3-y-o: £204: 2m)
3.30 NOVEMBER HURDLE (3-y-o: £204: 2m)	

Wolverhampton results

2.45 (12.48) TOWER HURDLE (Div 1: £204: 2m)	1.45 (1.45) BIRCHES BRIDGE HANDICAP (Div 1: £204: 2m)
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THE MASSACRE IN ETHIOPIA

Until last Saturday the revolution in Ethiopia was remarkably free from bloodshed. This circumstance permitted hope that, drastic as have been the changes in institutions and ruthless as have been the purges of the country's leadership, the final outcome would be constructive and bring to fruition the many reforms that the country unquestionably needed and its intellectuals impatiently awaited. This prospect is now disastrously blighted by the appalling and premeditated massacre both of the civilian prisoners of the military regime, and the cold-blooded extermination of its senior and more moderate section at the hands of its younger, more radical and less balanced left wing.

The roll-call of the victims, headed by the name of the Military Council's own leader, Lieutenant-General Aman Andom, reads like the cadre of the Armed Forces' senior officers, and is by no means confined to "aristocrats". It includes civil servants as well as ex-ministers, and even some who strongly criticized the former government. Some of those who were summarily slaughtered two days ago in fact awaited trial for legally punishable offences, like corruption, but the corpses of the rest have been labelled with "pseudo-crimes" like being "anti-revolutionary" or "divisive of the Armed Forces". This was the carefully planned seizure of power from within by a group of ambitious and conscienceless men by means which have proved fatal to the genuine aims

of the more idealistic supporters of the revolution.

It is not enough to deplore such a terrible lapse into savagery. The new group have in their power perhaps another two hundred prisoners, and every effort ought to be made by those with influence in Addis Ababa to save them from a like fate. Several African Heads of State, including Presidents Sékou Touré, Nyerere and Gowon, interceded with the Military Council for the life of the aged Emperor after his deposition in September, and they and others should be called on to urge a change of heart upon Ethiopia's new junta. This is not easy, since its leadership is still obscure. For some time it has been forecast that General Andom would prove to be the Négus of the Ethiopian revolution, but nobody was sure who the Nasser was though the name of Major Mangistu Haile Mariam has been mentioned increasingly often. One night of the long knives is, however, liable to be followed by another as rivalries, and suspicions, develop among the leaders.

Ethiopia's cadre of educated and trained men is pitifully small, and the country cannot afford the liquidation of its elite—as much of that elite springs from the old landed families it cannot afford a pogrom against them either. Much therefore depends on the motives of those who have unilaterally disposed of the moderate group. There seem to be imbued with the ideas of Chinese communism, laced with those of the Guevarists, Tupamaros and the

like, which spread to the junior officers and non-commissioned ranks from the student population and university staff in recent years. The Chinese planted the seed, if shallowly, and it seems to have taken quicker root in the Ethiopian intelligentsia than in any other African elite.

Under the leadership of General Andom, the Military Council in recent months has had several clashes with the students (as well as with the trade union leaders), and finally closed the university and sent the students into the countryside (perhaps on the Maoist model) to teach and engage in community development. This was fiercely resented by the students, who have been anxious to push the revolution to Maoist, or Stalinist, extremes—and who led the call for the execution of the Emperor. Their revenge has evidently been in the successful indoctrination of the younger men in the Military Council, who have learnt the jargon and carried it into action.

It remains to be seen what policy they can announce that is in any way different from the gradual, liberal reforms their seniors espoused—and found, in Ethiopia's poverty of trained men and resources, so hard to get started. They may imagine that the liquidation of landlords on approved models will produce an automatic renaissance, but in Ethiopia's conditions such doctrinaire surgery seems more likely to result in an anarchy that could set the country back for decades.

HIGHER RATES FOR POORER SERVICES

Today Mr Crosland will tell the representatives of local government the size and form of the Exchequer's contribution to local finances next year. He will certainly offer the councils much more than they had last year, and probably a higher proportion of their higher anticipated spending, but even so he was showing no more than a fair appreciation of the case when he said last week that he expected to be a highly unpopular man next spring. He may expect to be unpopular with ratepayers and also with councillors and their officials, who will themselves probably be as unpopular as he. For the present state of local finances is such that the average rate demand is likely to show an increase at least as great as this year's, and create a comparable rumpus.

To make matters worse, the increase will in many cases accompany an effective deterioration in services. After two years' constant pressure from above to spend less, local authorities have little room to respond to another economy drive without skimping in ways that will be noticed, and not only by the poor who depend on them most. In any discussion of council spending and the way it has grown more rapidly than national wealth for a century, it is necessary to keep in mind that this has been done so chiefly because an increasing responsibility for social welfare has been laid on it. This provision is still too small, and every effort must be made at least to maintain it. A large part of council spending is inescapably enjoined by statute. Much is about intensive and vulnerable wage inflation (last week's annual workers' settlement alone will mean something like 7p in the pound on the rates). Much is omitted years in advance and cannot be cancelled without false economies.

Some councils would have to cut their rates up even if they spent no more than last year, for

reasons which illustrate how little the present rating system possesses the characteristics desirable in any tax. The relationship between what pays and what is paid for becomes more and more tenuous. The Exchequer's contribution covers, on average, about 60 per cent of local spending. But it does not go towards spending of every kind: the rest falls on the rates to the tune of 100 per cent instead of 40. In particular, it does not cover debt repayments or interest.

Many councils are very heavily in debt, and this year at least that is not simply a matter of bad housekeeping. Inflation has outstripped most expectations: more to the point, a year ago Mr Rippon, the then minister, was assuring councils that it was only going to run at 9 per cent, adding that they had better act accordingly or else. Those that did are in deep trouble today. The relationship between national and local spending is so close, and the pressures from above are so strong that only a small part of the blame can be put on the councils.

The more Mr Crosland raises the Exchequer's share, the worse this effect will be. Similarly, if he increases relief for householders (who already pay 25 per cent less than businesses and less still in some areas), he further weakens the relationship between the council's decision on spending and its effect on his constituent's pocket, which is so necessary to the democratic process. There are many other objections to the rates: those who pay are only a minority of those who vote (and earn); the size of the payment has little relation to the ability to pay or the use made of services; the revenue does not keep pace with inflation, like that of most other taxes; and so on.

But all alternatives and palliatives have serious objections too. Rating by the value of the site

instead of the house takes equally little account of ability to pay, and its effects in practice are still not clear. Local income tax involves administrative problems which in the past have seemed insurmountable. Local taxes on sales or payrolls would make prosperous councils more prosperous. Lotteries, a somewhat ignominious shift, would be lacking to the pools and (as other gambling is already heavily taxed) rivals to the Inland Revenue as well.

One possibility is to pay centrally instead of locally for services like fire and police whose form is already determined in some detail at the centre. The limitations of this approach were shown by Mr Paul Channon's estimate last Wednesday that if this were done with teachers' salaries (the largest item of this kind) there would just be a chance of keeping council spending as a whole next year down to this year's level (though only in real terms). One season's respite will not even take us through to the report of the Layfield committee on the whole system. In any case, councils have a say in how many teachers they employ, even if not how much they pay them, and this power would need to be safeguarded.

Mr Crosland should continue the process of reducing the disparity in rates between some towns and country areas, while retaining the protection against over-enthusiastic increases which proved necessary after his rough justice in that line last spring. He should not have postponed the next rating revaluation. Although the maintenance of basic standards of service and the protection of the ratepayer must be his most immediate concern, it is important that the grievances and expedients of inflation should not be allowed to discredit the rates as a tax—not, at least, until we know whether the Layfield committee has been able to find anything better.

Production of honey

From Mr Karl Showler
Sir, The position of beekeepers in England is not quite so desperate as Mr Bethel Solomon suggests in his letter published on November 21. It is true that the number of beekeepers and the number of hives of bees have declined greatly since the last war, but this is not the whole picture. Correspondence received here is consistently encouraging in that it shows a steady and growing demand for information about bees of all kinds. Many of the numerous beekeepers' associations have active educational programmes; in recent years we have seen literature to members of adult beekeeping classes, and this year the number already supplied exceeds 1,000.

The latest (1974) issue of the British Beekeepers' Association's report lists 20 full or part-time officers appointed by local education authorities to advise on beekeeping matters; and there are two Ministry of Agriculture, Fisheries and Food beekeeping advisers. In many areas the Ministry also employs part-time bee disease officers.

The Bee Research Association publishes a leaflet, "Save Our Pollinating Insects", dealing with the effects of toxic chemicals and of changing agricultural practices. This has been widely distributed and is still available. It has certainly contributed to the growing public awareness of the danger to beneficial insects of the indiscriminate use of insecticides and herbicides. Yours faithfully,
KARL SHOWLER
Bee Research Association, Hill House, Chalfont St Peter, Gerrards Cross, Buckinghamshire.

Crisis in the stock market

From Mr J. J. Fraser
Sir, Your leading article yesterday (November 23) concluded, "The crisis in the stock market is bad for the City, bad for industry and bad for Britain." The arguments which preceded this statement seem to lay the blame for the present crisis, or much of it, on the investment managers of the City investing institutions who have held off buying shares in British companies. Because these investment managers have suffered heavy losses on the portfolio investments all over the world, so your argument runs, they have also lost their nerve and, by failing to invest now, are threatening the security of the present and future pensioners, policyholders and others to whom they are responsible. They should be less concerned with immediate yields, so you contend, and more with real assets such as the earning power of major companies.

If capitalism is to survive in this country, there will clearly come a moment when the market has fallen enough far to be "right" in investing money to buy British equities again. Some investors will miss the market turn; others may start too soon; others again will start investing just before the turn and will succeed in putting large amounts of money into equities before and after the bottom has been reached.

It is your absolute right to try and persuade investment managers that the "right" time has already arrived. But they have had this sort of advice before, when the index stood at 400, when it stood at 300 and when it stood at 200. Advice from the touchline is one thing, but it is those who are in there kicking the ball who have to stand or fall. The consequences of their decision are felt by the pensioners, policyholders and others to whom they are responsible. It is not your right to tell them that their investment decision was patently wrong.

The levels of equity markets in this country and others are the reflection of the collective view of actual and potential shareholders about the future prosperity of companies in real-money terms. Certainly, many categories of investors (particularly British individuals) used on investment income at 98 per cent and more concerned with capital values. But the great mass of British investment funds, those to which you refer, are administered by institutional managers who are concerned with their institutions' ability to pay out benefits from now till the year 2000 and beyond. I cannot see that they are primarily concerned with immediate yields.

What concerns these investors is the prospective ability of companies to pay them cash dividends over the next 30 years at rates which in their view adequately compensate them (when compared with other investments) for (a) inflation and (b) the risk involved in equity investment. As far as inflation is concerned, they can see nothing on the horizon to alter the present picture of inflation rising at 20 per cent per annum and probably increasing. Against this the 500-share index shows a current gross dividend yield of 12 per cent and the growth of dividends is restricted by law to 12½ per cent per annum. As far as risk is concerned, these investors see this and other economies moving steeply into recession. Financial concerns and property groups are having difficulties everywhere and indeed in many other countries the plight of some sectors, such as motors and textiles, is worse than in Britain.

My Committee will do what it can to help bring about this better understanding. If we can achieve it we will be in much better shape to attack the problems of inflation and recession which are common to the Western world as a whole. Yours faithfully,
J. J. FRASER
Chairman, City Capital Markets Committee,
21 Moorfields, EC2.
November 24.

Tories and EEC entry

From Mr Douglas Hurd
Conservative MP for Mid Oxon
Sir, Your report of my rather long letter to the Prime Minister about the EEC (November 16) was inevitably truncated and some readers may have been puzzled. I wrote to Mr Wilson because he has fallen into the bad habit of defending his own change of mind in a referendum by alleging that Conservatives were coming over during the 1970 election by Mr Heath to something similar, I pointed out that:

(i) Mr Heath's speech in which he used the phrase about full-hearted consent was made in Paris before the 1970 election was announced. Its purpose was to help Mr Wilson's imminent negotiations by warning the Six not to press too hard;

(ii) the full text of the speech shows that Mr Heath believed in parliamentary approval of the terms;

(iii) the point came up on television more than once during the 1970 election before polling day. Mr Heath made it clear that it would be Parliament which would be asked to approve the terms.

I hope Mr Wilson will now stop worrying the facts. A Prime Minister should be the handmaiden of history, not her assassin.

Yours truly,
DOUGLAS HURD
House of Commons.

Hereditary businesses

From Mrs Susanna Cole
Sir, I read that the Chancellor of the Exchequer in his latest budget is to give relief to farmers, who own their farms, and pass them on to their sons. Is there to be any tax relief for hereditary private businesses who also are passing on their businesses to their working sons? Yours truly,
SUSANNA E. W. COLE,
The Old Rectory,
Ipswich, Suffolk.
November 14.

Old Tube stations

From Mr Cecil Gould
Sir, The state of South Kensington station, complained of by Mr Alan Ross (November 12), is as nothing compared with the squalor of Gloucester Road, which is also of less parochial concern, as being the nearest to Cromwell Road air terminal.

What seems to British investment managers to be unique is that private enterprise in this country is taken by so many adverse factors at once. These are: (a) rampant inflation, (b) growing recession, (c) price controls, (d) dividend restriction, (e) exceptional fiscal penalties on dividend distribution, (f) the threat of outright or creeping nationalizations and above all (g) public hostility towards the very concept of profits.

All investment managers are in one way or another trustees. If they conclude that the risk/reward ratio of equity investing is likely for the foreseeable future to be tilted to wards unacceptable risk, they have no alternative but to withhold from any general investing in equities. If it is merely a question of helping otherwise prosperous companies to tide over the three, four or five years of a serious depression they will provide the capital necessary for them to do so. But if there is never to be a prospect of companies making any real-money profits and paying out real-money dividends, investment in equity will be deterred by the fear of breaking even. The provision of further capital is no remedy to the problems of companies that cannot make profits.

In these circumstances, Sir, the real assets to which you allude will not be real at all. Where is the real value of a great national enterprise which cannot distribute its profits and which no one else wishes to buy? There are plenty of these in Austria and Italy. I do not accept that a British pension fund manager could sensibly buy into such an enterprise. The investment managers will continue to put much of their money out "on the street" with banks, local authorities and Government at short term and earning a return at least as good and certainly much safer than the return available on equities, preserving their financial fire-power in the hope that the risk/reward ratio on equities will swing back into balance. Many will continue (despite the fashionable strictures) to put money into property in the conviction, born of inherited experience, that property rents cannot be suppressed for ever.

Nobody wants the continuation of the present state of affairs, least of all the City. But it cannot be cured by the City alone, still less by the investment managers who are trustees for others. The nation as a whole is involved. For this reason those of us who are concerned with the affairs of the financial sector welcome the recent statements by Government that it desires the prosperity of a "vigorous, alert and profitable" private sector. The truth is that without it we shall continue to experience a decline in our rate of economic growth and jobs and pensions will be placed in increasing jeopardy. But the nation, besides willing the ends, must also will the means. We must develop a new attitude towards the profits and dividends which are the very stuff of investment, job safety, pensions for the old and the creation of new wealth for all.

My Committee will do what it can to help bring about this better understanding. If we can achieve it we will be in much better shape to attack the problems of inflation and recession which are common to the Western world as a whole. Yours faithfully,
J. J. FRASER
Chairman, City Capital Markets Committee,
21 Moorfields, EC2.
November 24.

For eating one-handed

From Mrs Adam Fergusson
Sir, What Mr Black is after (November 22) is not Mr. Black's runchable spoon, defined in the Concise Oxford Dictionary as a "kind of fork with three broad prongs, one with a cutting edge and hollowed like a spoon". Ideal for buffer lunches, and for slices of quiche. I have never seen one.

I am, Sir, Your obedient servant,
PENILOPE FERGUSSON,
9 Addison Crescent, W14.
November 24.

Thee and the

From the Bishop of Ely
Sir, Mr Levin has opened thee—floodgates indeed and many a mispronounced word will rise up and call him blessed.

He encourages me to tell you that I am probably chairman, but surely not the only member, of the Society for the Protection of February from the Febvuary and Febbery merchants. We are affiliated to many other similar societies, but think ours is among these—most important. We offer life membership to Mr Levin.

Yours faithfully,
EDWARD ELLEN,
The Bishop's House,
Ely, Cambridgeshire.
November 21.

Terrorist activities in Britain

From Dr Sidney Levine
Sir, The events of the past week make it difficult to avoid reaching the conclusion that if all terrorists are equal some are more equal than others. Even the unpredictable Colonel Gaddafi exhibits more consistency on this issue than our Government, by giving his support both to the Palestinian and Irish terrorists. On the other hand our Government displays its double standards by its proposed firm and resolute action following the Birmingham bombings, and its merely abstaining in the United Nations vote giving recognition and respectability to the Palestinian terrorists. Are we to be surprised if the Provisional IRA intensify their atrocities in this country when they see the success achieved by their Arab counterparts?

The short term gains achieved by placing murderers, hijackers or blackmailers will be quickly outweighed by the very destruction of the civilised world. If we agree that this is true for the IRA, then it is equally true for the PLO. Otherwise the former should also be invited to address the world's councils and referred to in the press as "guerrillas and gangsters". The time left for us to take a firm and consistent stand against terrorism wherever it occurs, is fast running out. Let us hope it is not already too late.

Yours faithfully,
SIDNEY LEVINE,
17 St John Street,
Manchester.

From Professor Gordon Trasler
Sir, Your leading article today (November 23) acknowledges that the threat of the death penalty would be unlikely to deter some of the hard men of the IRA, but argues that it might frighten their "landladies, lookouts and drinking companions". It is proposed that such people should be hanged if they can be shown to have had knowledge of plans to cause explosions? And if not, why not the case for resorting to this barbarous sanction?

Yours faithfully,
GORDON TRASLER,
2 White Shute Lane,
St Cross, Winchester,
Hampshire.

From Father Brocard Sewell
Sir, May I, as an English Roman Catholic priest, through your columns urge our English Roman Catholic bishops to follow the lone example of the Archbishop of Birmingham in urging a public condemnation of the outrages of the IRA, whether in Britain or in Ireland; and more specifically, to impose canonical sanctions—possibly excommunication *latae sententiae*—on all members and supporters of the IRA or Sinn Féin in this country until they have given adequate proof of penitence and have resigned from these organizations, or until the organisations themselves have renounced indiscriminate mass murder as a means of attaining their aims?

We English Catholics, who trace our religious inheritance back to days before the Irish incursion into England, have the right to ask this

of our bishops, whether they be English or Irish descent.

By speaking out and acting unequivocally our bishops will not only be giving badly needed credibility to their own position, but will be serving the best interests of our religious community in Ireland, most of whom condemn these indecent and criminal mass murders as much as we do.

May I emphasize that English Catholics have always been foremost in condemning the crimes of England against the Irish people and the stupidity and injustice of the Irish "settlement" of fifty years ago. I need cite no witnesses, only the names of Lionel Johnson, Wilfrid Scawen Blunt and G. K. Chesterton. Yours, etc.,
BROCARD SEWELL,
Whitefriars School,
Charlton Kings,
Cheltenham.

From Mrs Jennifer Burnaby-Atkins
Sir, Some years ago my father presided over a committee which resulted in the pay and conditions of the police were greatly improved.

May I now suggest that, while considering emergency measures to deal with the IRA, the Home Secretary should take as his first priority introduction of legislation greatly to increase the pay, and consequently the size, of our police force. It is upon them that falls the unbearable burden of the detection and prevention of all crime.

Such legislation would have the overwhelming support of the people of this country. If there is a "Special Case" surely this is it. Yours faithfully,
JENNIFER BURNABY-ATKINS,
Oaksey, Wiltshire.

From Mrs P. R. Francis
Sir, This morning I, an English woman, was driving to the shops via the Catholic Church. There I saw a friend of mine an Irishwoman. I offered her a lift which she did not accept, but we chatted for a few moments. She was horrified and made really unhappy by the Birmingham bombs. What can I do? I feel so dreadful! She kept repeating:

"All I can do is pray." It turns out that she does some act of reparation after each outrage, and today she had walked to Mass in the pelting rain. Not a madly pious Catholic, maybe, but one I found very touching. She, not these terrorists, is typical of the Irish people.

Yours faithfully,
ANNE FRANCIS,
Landsea, Meath Green Lane,
Horley, Surrey.

From Mr H Diamond
Sir, After the murderous outrages in Birmingham on Thursday night, may I suggest that the heads of the IRA are now fully qualified to be invited to address the General Assembly of the United Nations and to receive a rapturous ovation from its members? Yours faithfully,
H. DIAMOND,
49 Heathcroft,
Hamstead Way, NW11.

National Insurance for self-employed

From Mr E. Purchase
Sir, Members of Parliament are classed as self-employed and pay the class 2 contribution. Reading Hansard's report of the debate on the Second Reading of the Bill now before Parliament to amend the Social Security Act 1973 I discovered that as from April 1975 Members of Parliament are to be classed not as self-employed, but as employees. They will then pay the employee contribution class 1 instead of class 2 and class 4 contributions.

The rest of us as taxpayers, in the form of the Exchequer, will pay the employer contribution for them! No resolution has been put before the House to vote on for this change which was incorporated into the Social Security Act 1973 after "soundings" among Members. These "soundings" must have been very restricted as some Members in the debate said they had not been approached and in fact had no knowledge of them.

I am not an accountant but I reckon that this change of status will save Members of Parliament at least £2 a week in contributions from next April, if the rates of 5½ per cent for class 1 and 8 per cent for class 4 in the present Bill become law.

The alleged reason for the change is that they are paid a fee and pay income tax under PAYE. How strange that after all these years this should be discovered only now and the change to be made at the point when self-employed will have to pay these proposed enormous increases.

Obviously Members of Parliament have no intention of swallowing the nasty medicine they are prescribing for the majority of the self-employed. All protests from Ministers of the "fairness" of their proposals stand condemned by their actions over their own case. Yours faithfully,
E. PURCHASE,
100 Northumberland Road,
New Barnet, Hertfordshire.
November 20.

From Lady Antonia Fraser
Sir, The House of Commons is to complete the remaining stages of the Social Security Amendment Bill on Tuesday next (November 26) and so I hasten to make clear some of the implications that vitally affect the interests of authors.

The Society holds the view that while authors, like other self-employed people, should not be exempted from supporting a scheme that will increase pensions and other benefits and so bring aid to those most at the mercy of inflation, none the less the new scheme will operate most unjustly in the way it is to be applied. The main point is that, for the self-employed the new payment (although called a "contribution") is in fact a tax since it returns no corresponding benefits to the self-employed contributor. On retirement, he or she will simply receive the basic pen-

sion and no more. In contrast, the employed person will receive a graduated pension in relation to what he or she has paid in, thus his is a genuine "contribution".

This means that since the self-employed person already deduced unemployment and sick pay from the present disparity of treatment as between the two categories will be widened still further. Yours, etc.,
ANTONIA FRASER, Chairman,
Committee of Management,
The Society of Authors,
84 Drayton Gardens, SW10.
November 22.

From Mr Richard Luce, Conservative MP for Shoreham
Sir, Your correspondence columns in the *Times* have drawn attention to the Government's plans to raise dramatically the national insurance contributions of the self-employed next April. The Social Security (Amendment) Bill is now proceeding through Parliament and the proposed change has been completed without any concessions from the Government.

My main point of contention with the Government is that the proposed rate of increase in contributions from the self-employed will be far higher than that of the employed person and the employer. The impact will be sudden and burdensome. It is perfectly true that the Conservative Government was planning to increase the flat-rate contribution and to introduce a new earnings-related contribution for the self-employed. That is not in dispute. The disagreement lies purely on the grounds of an exceptional and punitive increase for the self-employed.

It means that a self-employed person earning £2,500 pa will have to pay an extra £72 pa and those earning £3,600, an extra £160 pa as from next April. They will receive no extra benefits for this payment and, unlike the employee, they do not receive unemployment or industrial injuries benefits or any of the earnings related supplements.

There are some 1,500,000 affected by this proposal and they cover a real cross-section of the nation's activities including shopkeepers and plumbers, farmers, hairdressers, writers, veterinary surgeons, decorators and clergymen. No one would deny that many of these people have to show qualities of hard work, self-reliance, enterprise and inventiveness in order to survive. They have received a severe battering in recent years from increased rates, overheads and personal taxation. They have no union to represent them and they cannot afford to go on strike.

There is no doubt that they are being unfairly treated. It is not too late for the Government to respond to their anxieties by lowering the proposed rate of increase in their contributions. Yours faithfully,
RICHARD LUCE,
House of Commons,
November 20.

Heavy lorries

From Mr S. Weighell
Sir, In recent months the motor industry has launched a campaign to persuade the Government to increase the maximum permitted weight of heavy lorries from the present 32 tons to 38 tons (metric eight). This would mean an increase of some six old tons—or 1 per cent—in total weight. To give distance to their demands in the use of public concern about the environmental damage done by lorries, a recent report of the MMT (motor manufacturers) Energy Policy and the Motor Industry estimates that "savings" in the order of 20 per cent in the n-miles per gallon of heavy lorries would be obtained if the maximum permitted weight were increased.

I question whether this campaign really is in the interests of improving freight transport or saving fuel. It is appreciated that there may be concern to improve the sales of British-made heavy lorries but point it that the growing imports of lorries are, of course, of vehicles within the current 32-ton limit.

We are told that the 38-tonne lorry would probably have five less (more weight distributed than present) and an overall length increased by only 18 inches. Even if the country is being asked to accept lorries that would be 20 per cent heavier overall than at present. This has serious implications for community. Accidents involving lorries are not so much due to the lack of safety on the part of the driver or vehicle (although these are too frequent) but to the fact that heavy vehicles are incompatible with other road users and with rest-

dential streets. One only has to see the damage caused in crashes involving a large lorry or private car to buildings. As lorries make up, on average, only 15 per cent of the road traffic flow, no one can seriously suggest that we should build new roads just for the use of the "unusable" lorry.

Instead I believe that greater savings would accrue to the country at large if Government were to investigate the patterns of road freight and in particular the significant proportion of empty vehicle mileage. It is obvious that there are many concentrated flows of freight traffic which could be better handled by rail or, in some cases, by inland shipping.

In suggesting that fuel would be saved by the use of heavier lorries the motor industry carefully avoids mention of the even greater economy in moving freight. Experience—no speculation—in both the United Kingdom and the United States shows that both rail and inland shipping are some four times more efficient in their use of fuel.

So the potential savings from a freight policy which relies more heavily on rail and water transport are much more impressive than raising the maximum permitted lorry weight to 38 tonnes. For this reason I feel that the campaign for the 38-tonne lorry should be resisted most strongly by Government, the public and local authorities.

Yours faithfully,
S. WEIGHELL,
General Secretary elect, National Union of Railwaymen,
Uniray House, Euston Road, NW1.
November 15.



COURT CIRCULAR

UCKINGHAM PALACE
November 25: The Duke of Edinburgh arrived at London Airport by Her Majesty's aircraft. The Duke of Edinburgh is on a visit to the United Kingdom and will be accompanied by the Queen Mother and the Lord Mayor (Councillor E. James) to the airport. The Duke of Edinburgh is on a visit to the United Kingdom and will be accompanied by the Queen Mother and the Lord Mayor (Councillor E. James) to the airport.

ENSINGTON PALACE
November 25: The Duke of Gloucester arrived at London Airport by Her Majesty's aircraft. The Duke of Gloucester is on a visit to the United Kingdom and will be accompanied by the Queen Mother and the Lord Mayor (Councillor E. James) to the airport.

ORK HOUSE
November 25: The Duke of Devonshire arrived at London Airport by Her Majesty's aircraft. The Duke of Devonshire is on a visit to the United Kingdom and will be accompanied by the Queen Mother and the Lord Mayor (Councillor E. James) to the airport.

Lord Hewitt, chairman and managing director of the Anchor Chemical Group of companies and president of the Institution of the Rubber Industry, accompanied by Lady Hewitt, returned to the United Kingdom from the RMS Windsor Castle yesterday, after visiting the United States, Japan, Australia, New Zealand and South Africa.

Fortcoming marriages

Mr J. Attenborough and Miss K. Robertson
The engagement is announced between Jonathan, younger son of Mr and Mrs Attenborough, and Miss K. Robertson, daughter of Mr and Mrs Robertson, of London.

Mr J. Bland and Miss M. Johnson
The engagement is announced between Jack, youngest son of the late Commander E. C. Bland, RN, and Miss M. Johnson, daughter of Mr and Mrs Johnson, of London.

Mr J. Cobb and Miss M. Game
The engagement is announced between John, only son of Mr and Mrs J. Cobb, of London, and Miss M. Game, daughter of Mr and Mrs Game, of London.

Mr G. C. Kay and Miss M. D. Crawshaw
The engagement is announced between Geoffrey, elder son of Mr and Mrs G. C. Kay, of London, and Miss M. D. Crawshaw, daughter of Mr and Mrs Crawshaw, of London.

Mr P. R. James and Miss M. MacQueen
The engagement is announced between Patrick, son of Mr and Mrs P. R. James, of London, and Miss M. MacQueen, daughter of Mr and Mrs MacQueen, of London.

Latest appointments

Lord Fraser, a Senator of the College of Justice in Scotland, to be a Lord of Appeal in succession to Lord Reid, who retires in January.

Mr David McNair, QC, to be leader of the Northern Circuit.

Mr P. W. E. Taylor to be a con-vening counsel of the Supreme Court.

Mr Ian Wrigglesworth, MP for Teesdale, to be a member of the House of Commons in succession to Lord Reid, who retires in January.

Lord Allen of Fallowfield and Sir Oliver Chesterman to be reappointed Crown Estate Commissioners.

Mr Frank Bushell and Mr James Anderson to be local authority members of the Health and Safety Commission.

Today's engagements

The Queen holds investiture, Buckingham Palace.

Imperfect first folio edition of Shakespeare's plays is sold for £12,000

By Geraldine Norman
Sale Room Correspondent

An imperfect first folio edition of Shakespeare's *Comedies, Histories and Tragedies* was sold for £12,000 (estimate £6,000 to £8,000) at Sotheby's yesterday. The book, which was the first of its kind, was sold for £12,000 (estimate £6,000 to £8,000) at Sotheby's yesterday.

The sale included the only complete copy of an English incunabulum, or book printed before 1500. This was a *salvator*, or Latin book, printed in London by William de Machinella about 1475. It was sold for £12,000 (estimate £6,000 to £8,000) at Sotheby's yesterday.

A sign of the continuing decorative appeal of the book was the £4,000 (estimate £2,000 to £6,000) paid for the *Map of the Empire of Great Britain* published in 1616 with 67 double-page engraved maps. The sale was relatively successful, with 10 per cent of the books sold at knock-down prices.

Prices in a sale of English and Continental portrait miniatures were uneven. A John Ruskin miniature, 1840, was sold for £2,000 (estimate £1,000 to £3,000). A miniature of James Bruce, 1800, was sold for £2,000 (estimate £1,000 to £3,000).

Chapel to commemorate founder of Australia
The grave in the front of the church at St. Nicholas, Bathampton, was dedicated to the founder of Australia, James Cook.

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OBITUARY

U THANT

Third Secretary-General of UN

U Thant, Secretary-General of the United Nations from 1961 until 1971 died in New York yesterday from cancer.

He was appointed Acting Secretary-General by the General Assembly on the recommendation of the Security Council on November 3, 1961, after the death of Dag Hammarskjöld, to fill Mr. Hammarskjöld's unexpired term and was again unanimously appointed by the General Assembly on November 30, 1962, for a term of office to expire on November 3, 1966; this was extended, and then he was reappointed for another five-year term in December, 1966.

U Thant was born at Pantanaw, Burma, on January 22, 1909, and moved to Rangoon, where he attended the High School in Pantanaw and at University College, Rangoon.

Prior to his diplomatic career U Thant's experience was in education and information work. He served as senior master and then as headmaster of his old high school in Pantanaw and was a member of a number of educational committees.

U Thant was appointed Press Director of the Government of Burma in 1947, and in 1948 became Director of Broadcasting. In the following year he became Secretary to the Government of Burma in the Ministry of Education. In 1953 he became Secretary for Projects in the Office of the Prime Minister and in 1955 also became Executive Secretary of Burma's Economic and Social Board.

U Thant served on a number of occasions as an adviser to Prime Ministers of Burma. He accompanied U Nu to the first and second Colombo Prime Ministers' Conferences, to the Bandung Asian-African Conference of 1955, and to the Non-Aligned Conference in 1961.

In 1957 U Thant became Permanent Representative of Burma to the United Nations, a post which he held until his appointment as Acting Secretary-General. During that period he headed the Burmese delegation to the General Assembly in 1959, and in 1960 he was vice-president of the General Assembly's fourteenth session. In 1961 he was chairman of the United Nations Conciliation Committee for the Congo, and chairman of the committee on a United Nations Capital Development Fund.

In spite of his varied previous experience of public and international life, the task of succeeding Hammarskjöld was a formidable one. Not only was his predecessor a man of remarkable character, attainments and reputation, but the Secretary-Generalship itself had, in the last year of his stewardship, become the centre of violent controversy.

From the start, his discharge of his responsibilities was marked by diffidence, approachability, and a marked lack of dogmatism. U Thant was far more prepared to decentralize work and responsibility and to listen to advice than Hammarskjöld had been.

OBITUARY

PROF DAVID KNOWLES

Historian of monasticism

Professor David Knowles, OBE, Regius Professor of Modern History in the University of Cambridge, 1954-63, died on November 21.

Michael Clive Knowles (in religion David) was born in 1886, the only son of H. H. and Carrie Knowles. He attended the Benedictine School at Downside, and was afterwards at Christ's College, Cambridge, and the College of St. Anselmo, Rome. In 1914 he entered the novitiate at Downside Abbey. In 1922 he was ordained priest. For some years he taught classics in the school. His appointment as temporary Novice Master in 1928, and as Junior Master in the following year, heralded a change in his interests, and he seemed to be moving away from the humane subjects to concentrate on theology, and particularly on ascetic and mystical theology. Also, what might be called his purely monastic interest was seen to increase. At this time Father David developed a deep, vivid sense of the claims of the contemplative life. It has to be remembered that the monks of Downside had the responsibility of running a large modern public school. In Father David's mind, the conviction emerged that these responsibilities implied too many distractions, and that their impact on the monastic life was too great. He felt that a diminution of the Benedictine norm of regular life and prayer.

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مكتبة الأصل

by Prudence Glynn

Fashion

Below: Slightly flared denim skirt with inverted pleat at front, teamed with a white crepe blouse under a knit gilet in navy/white/tan. Skirt, style 3. Sizes 10-18. Colours blue and green. Price £21.95. Shirt, Sizes 10-18. Asst. colours. Price £8. Gilet, style 115. Sizes 10-18. Other colour green/navy/white. £12.50.

Over the outfit comes a navy wool coat with a detachable over cape, lined with navy/red/black check. Style 9. Sizes 10-18. Other colour, black with black/red/white lining. Price £79. Denim hat, style 154. Colours blue and green. £9.95. Bar shoes by Sacha, from all main branches, £11.99.

Right: blue "A" line knit skirt, style 117. Sizes 10-18. Price £19. Striped knit cardigan in a combination of navy/white/tan over a short sleeved "V" neck knit top with contrast collar. Cardigan, style 115. Sizes 10-18. Other colour combinations also for top, stuff/ice, blue/white, camel/black/red. £23. Top, style 116. Sizes 10-18. Price £19.75. Boots by Sacha. £35. Photographs by Robin Saidman.

Above: Camel cape with tie belt slipping through to the front, and side pockets, accentuated by top stitching. Style 10. Sizes 10-18. £69.50. Polo-neck ribbed sweater. Sizes 10-18. Assorted colours. Price £12.95. Camel beret, style 149. £9.50. Long knit scarf, £9.95. Sacha court shoes, £10.99.

All outfits are by Wetherall and available from their shops at Burlington Arcade, London, W.1, Manchester, hester, Birmingham, Norwich and Jersey.

The new Mersey sound

"Do you know, when I saw my first Courreges collection, it was where he really did the work, I found tears in my eyes," says Monty Black, amazed himself yet again with the collection (only incidentally avoiding the reply to a question put to him earlier about why he had chosen to use his entrepreneurial and technical skills on behalf of fashion rather than anything else). He began, is true, in the fashion world 14 and he "pulled himself" through the wholesale trade. But that world is so short the commodities Mr Black amplifies, indeed when the history of the sixties is assessed it is going to read as a long moan about the sour

romance between design talent and industrial expertise, that his passion still comes as a surprise. Monty Black is turned on by tailoring, by the techniques of realizing what a creative designer wants to say in manufacturing terms. He has however avoided the trap which precisely that preoccupation has laid for a good many other highly proficient tailoring houses. He has seen the softness which is essential in fashion now, he has understood the fluidity of line which is required, and so his clothes have moved on, not stuck in the rigid put-together with-a-blowtorch groove which was the sixties look.

More than anything, Mr

Black knows talent when he sees it. Although he says he is not particularly sympathetic to students because they have never been well enough trained in the realities of the fashion business, he has picked out some spectacular successes. Bill Gibb became famous at Baccarat, Tim Gardner, who made his debut from the RCA at The Times designer show in 1970 has produced some beautiful collections as house designer there, Hylian Booker has many admirers, John Bates has done collections. In fact, Lewis and Black, which is the basic name of Mr Black's business, has consistently put high quality processes behind high quality fashion thinking. Baccarat clothes, he stresses, are engineered by modern machines, not laboriously tailored.

Now there is a new baby in the family, or perhaps in view of the age of the subject and the need for rejuvenation rather than upbringing it would be truer to say a new granny in the family. This is Wetherall, bought a year ago by Lewis and Black with a one third share going to Sir Hugh Fraser's SUITS. Wetherall, who were doing the separates look 30 years ago but not, alas, four years ago when it might have saved their fading image, consists of 130 shops, 100 in this country, nine in Canada within Hudson Bay shops, five in Holland with a sixth opening in Amsterdam soon. Oslo, Copenhagen and other main cities. The business cost £1m, but the Regent Street premises fetched £200,000. "I didn't intend to sell them but the offer I got was just not refusable," says Mr Black. There was a seemingly inexhaustible supply of that pale blue and milk chocolate brown wool one associates with Wetherall, a fond of loyal staff all over the country and the last of those familiar window props the budgeters called Joey, had only just turned his little claws heavenwards at the age of 27. According to the marvellously irreverent Tom Ellery, who is doing the shop displays and acting as a courier for journalists to Liverpool on the side, Joey was doing star appearances all over the country. The business also included a factory in Liverpool, and a factory in the Isle of Man, with the potential to make just about every item of clothing between them. Originally, Mr Black had

thought that the operation could be run from London, leaving much of the original management in situ, but it very soon turned out that the two generations of Wetherall simply did not understand one another. So Mr and Mrs Black bought a house in Cheshire and now when you go to Liverpool it is such a hive of talent that one has to look out of the window to the spiky crown of the cathedral, or catch a glimpse of the amazing Liver bird atop his globe to remember where you are. Having a particularly enjoyable relationship with the fashion department at Liverpool Polytechnic I had been hopeful that connections might be established between Wetherall and the students, because I felt Monty Black's forceful personality and realistic attitude, plus the presence in their very midst of one of our only top-quality manufacturers with design appreciation, could only do everyone good. So I was even more pleased to find that Wetherall have hired Stephanie Dodds, an ex-student.

Other members of the Wetherall team have also sped up to Hope Street, including Colin Sparks, the very able and fashionable buyer from Selfridges who is now in the organization. His title is "chief retail buying executive" and it will be his job to stock each and every one of the Wetherall shops with what he thinks fit and with merchandise not necessarily made within the organization. Thus Monty Black sees Colin Sparks as "a catalyst, because he will be able to buy for price and quality anywhere he wants and it is up to our designers and factories to provide what he wants." Eventually there will be a wholesale division of Wetherall too, which will sell to competitive stores. To design the collection which is going to have to meet all these demands Mr Black has very sensibly hired himself Brian Godbold, one of the most professional and elegant of sportswear designers, and I think that the clothes on the page today would prove my point.

The mechanics of transformation, both in people and businesses, always fascinate me. So I was particularly keen to know what were the plans for the rejuvenation of Wetherall. Two stars await him who tries to breath new life into an old

body, the first being breathing so hard that you explode the whole thing and have to begin all over again with a rebuilding programme, the second being breathing so slowly for fear of alarming the traditional companions of the old party that she expires anyway from apathy. Colin Sparks is quite sure that the danger is the second one "providing a customer which doesn't exist". A lot of changes are being made, and monitored. Manchester has had the Tom Ellery display treatment, which will include abstract name-tags "hardly anyone can afford enough wigs and shoes and gloves and makeup and everything to keep the figures looking up to date", says Ellery. Ideally, he would like what artists call lay figures, joined like Action Man, but they cannot be bought satisfactorily in England. So far in Manchester, "We haven't increased sales, but we're 10 times up on footfall" and when the new merchandise goes in Mr Black is confident that sales will match the increase in spectators.

Reactions to the new clothes that are around have been gratifying. "A lot of women simply had never worn anything that fitted them before," says Ellery, "they just used to come in an old baggy suit and card and jam on something to cover them up, like a sofa. Now they are seeing how nice well cut things are." The prices are good for the quality they represent. Wetherall had been pursuing what Mr Black regards as the all too frequent fault in buying, trying to match last year's selling prices in a year of high inflation and sacrificing quality of cloth on the way. I liked the way Wetherall logo stitched on the front hem, outside, of everything, turning that dear old name, which after all should be a selling plus, into the most chic, discreet, symbol. I also particularly liked the way Brian Godbold has worked with the famous double-face Wetherall cloths and abandoning the irrelevant pretence that they should be reversible, has made a virtue of both sides of the fabric with lovely inside finishes and none of that old gym-slip girdle braid. The major problem which remains is not of selling, but of making. "We could sell twice as much if we could get the labour to make it," sighs Monty Black. If it is any consolation Norman Hartnell is having just the same problem.

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\$400m Siberian gas deal agreed by Russia, Japan and US groups

Paris, Nov 25.—Russia, Japan and two American groups, El Paso Company and Occidental Petroleum, have come to a \$400m agreement for exploration of natural gas reserves in Siberia.

Mr Nikolai Ossipov, the Soviet Deputy Minister of Foreign Trade, described the agreement as the biggest of its kind in the world.

Under the accord the Japanese Export-Import Bank has agreed to supply \$100m credit to the USSR, which itself will spend an estimated \$400m on exploration.

This is on condition that the United States Export-Import Bank also provides the same amount of credit, a condition which is still subject to final approval by the United States Congress.

Natural gas reserves in the Khatanga area of Siberia are estimated to be at least 1,000,000 billion cubic metres and could be as much as 13,000,000 billion cubic metres, Mr Ossipov said. Once these reserves are confirmed further agreements are expected to be signed for sale of the gas to America and Japan, Mr Armand Hammer, chairman of Occidental Petroleum, said.

Terms for sale of the gas have yet to be settled but would involve shipping about 20,000 million cubic metres annually over 25 years to these two countries, with the amount divided equally between Japan and the United States.

El Paso would take 75 per cent of the American share and Occidental 25 per cent. The Occidental share could be increased to 33.3 per cent if total reserves were greater than the minimum forecast, he said.

Completion of the exploration agreements came after two weeks of talks in Paris among Soviet, Japanese and United States representatives.

A group of American private banks was also expected to participate in financing the exploration work, Mr Hammer said. He gave no details.

Occidental has already been involved in several multi-million dollar deals covering exploration of nickel and phosphate deposits and development of a trade centre.—Reuter.

Banking doubts add to slide in shares

By Terry Byland

Share prices continued to slide in London yesterday on both general economic fears and also renewed doubts regarding the secondary banking sector.

The collapse of Triumph Investment Trust, whose shares were suspended before trading began, brought widespread nervousness in the banking sector. Industrial shares were also marked down sharply at first as the City braced itself for trading reports from some major companies later this week.

But selling was very light, and a significant recovery was staged in late dealing. The FT index which touched 161.6 at one time, closed at 164.5, a net loss of 3.9. The Times index lost 2.06 to 63.96.

Major banks steadied from early losses, helped by press reports that the authorities would continue to give help on the Triumph collapse in secondary banking losses. But, dictating that not all would be rescued, there were widespread falls in "fringe" bank shares.

Shares in ICI, which reports third quarter results on Thursday, fell to 113p initially but steadied later to finish unchanged at 122p. BLMC shares, touched a new low of 64p before closing a net 4p down at 7p.

Government timing error foiled issue by AT&T

New York, Nov 25.—A basic misunderstanding was involved in the chain of events culminating in American Telephone & Telegraph Co's astonishing withdrawal of its record \$600m (about £260m) securities offering last week.

Some top Justice Department officials mistakenly believed the sale already had been completed when they filed sweeping anti-trust charges against the telecommunications giant last Wednesday.

In fact, the offering would not have ended until Tuesday, when investors would have paid for their purchases, and underwriters would have delivered \$600m to AT&T.

Now of course none of that money will change hands. AT&T decided early on Friday to cancel its issue of new 8 1/2 per cent notes and 8 1/2 per cent debentures because of unsettled market conditions resulting from the anti-trust suit.

In fact, the investors to have sufficient time to consider fully this new development," Mr Charles L. Brown, the company's executive vice-president stated.

The withdrawal of the offering was delayed filing of the anti-trust suit even if all its officials had been aware that the offering was still in progress. To have delayed the filing would have exposed the department itself to criminal and civil prosecution.

Filing took place when it did because "the investigation had been completed, the case had been prepared and the suit had been approved" by Mr William B. Saxie, the Attorney General, a department spokesman pointed out.

Nevertheless, several officials conceded they had been surprised when they learnt on Thursday that the offering had been put in jeopardy because of the anti-trust suit. "We thought the sale had been completed," they contended. However, such knowledge would have been irrelevant as far as filing the suit went.

The confusion undoubtedly arose from earlier reports of heavy investment demand in the new notes and debentures, which represented the largest public sale yet made by a utility.

Furthermore, both securities had been put on the New York Stock Exchange, although transactions were on a conditional when-issued basis.

Both AT&T and its chief underwriter, Salomon Brothers, scrambled frantically but unsuccessfully in the immediate aftermath of the Justice Department suit to prevent the offering from being scuttled. Their lawyers flew to Washington on Thursday in an effort to gain Securities and Exchange Commission approval of the changes in the offering prospectus necessary to the anti-trust action.—AP-Dow Jones.

British Leyland hit by lay-off pay claim as Coventry strike ends

By R. W. Shakespeare

British Leyland ran into more labour problems at its Triumph plant at Coventry yesterday as attempts to resume production were made after a two-week shutdown caused by a pay strike.

Workers who had been laid off during the shutdown immediately submitted demands for payment for time lost. Only after a management offer of immediate negotiations and a mass meeting did the men concerned agree to resume work.

The two-week shutdown at Coventry, as well as at the Triumph plant in Liverpool, made more than 8,000 workers idle and cost about £8m in lost output.

It resulted from a strike by 45 Coventry room workers in Coventry who claimed an interim pay settlement in advance of any management moves to implement the results of a recent works study exercise.

Yesterday the control room staff agreed to return to work but fresh negotiations on their claim could begin. Then came the demands from the shopfloor workers, most of whom had been losing wages of more than £50 a week during the shutdown.

British Leyland's problem is that to concede to this demand would put its whole lay-off pay strategy at risk.

Although all British Leyland car workers have their earnings protected by extensive lay-off pay guarantees, these agreements are automatically suspended if workers are sent home because of a dispute and militant action within their plant.

Fresh talks were also started yesterday between management and union representatives about a manning dispute in the Triumph Liverpool plant. Men from the paint shop, who had been on strike for two weeks, agreed to resume work pending the outcome of the talks.

In Coventry Chrysler faces the threat of a strike from tonight by millwrights in its car and engine plant. They are demanding parity with toolroom workers who recently won an increase in breaks for overtime working.

The Chrysler management has rejected the claim on the grounds that while toolroom workers negotiate their wages independently, the millwrights are covered by a general wage agreement which has six months to run.

A strike by millwrights would normally quickly affect car production, but in this instance shop stewards representing other shopfloor workers have told the company that they do not support the millwright's claim and will raise no objection to work normally done by millwrights being carried out by management staff. This would enable production to continue.

Banks say Tunnel can still realize a profit

By Peter Hill

Banks involved in financing the Channel Tunnel project claimed last night that raising the necessary funds would not prove difficult, and affirmed that the project still held out promise of profit.

In a detailed statement the five banks involved stated: "There is no basis for believing that the Channel Tunnel project, which was shown to be profitable in the June 1973 studies carried out by independent experts, has ceased to be profitable."

However, the fact that the banks involved—Morgan Grenfell, Robert Fleming, Hill Samuel, Kleinwort Benson and S. G. Warburg—felt it necessary to issue a statement is indicative of the anxiety now being voiced about the project.

Last night's rebuttal arose directly from what the banks described as a "speculative article" and an editorial in *The Times* yesterday, which suggested that the entire project in its present form was at the final stages of collapse.

Officially the Government supports the project, but the committee's findings are not expected before next spring.

In their statement the banks said there was no doubt that the country faced a difficult time over the next year or so, but they pointed out that the tunnel was not due to open until 1980—by which time it was expected that the background of the economy would have improved fundamentally.

If all long-term projects were to be postponed or cancelled because of short-term conditions, it was difficult to believe that any such projects would ever be achieved, said the statement.

On the particularly sensitive issue of the financial arrangements, which the banks are responsible for arranging at the request of the British Government, the banks pointed out that 90 per cent of the cost of the Anglo-French project was to be financed through Government guaranteed loans.

"We believe that there will be no difficulty in issuing these loans for the requisite amounts as and when these amounts have to be raised. So far as equity money is concerned, it is true that financial conditions are difficult at present, but even in these difficult conditions it has been possible for other companies to raise substantial equity money," the statement said.

The banks said there was no requirement for the project to raise any more equity funds until the middle of 1977, and added that the "laid-off" was a deliberate feature of the financing scheme which had been agreed with the Governments. It had been recognized, the statement continued, that during the course of such a long term project there would inevitably be periods when it would be undesirable to attempt an equity issue because of adverse stock market conditions.

The banks also rebutted suggestions that the huge sums in traffic forecast for the tunnel had become a mirage in present circumstances.

They admitted, however, that during the difficult period of the next year or two there might well be a "temporary slowing down in traffic growth." But they said it was expected that this would be offset so far as the tunnel was concerned by an increase in through rail traffic.

Publishers' agreements attacked

continued from page 1

be published in Britain then American publisher will use a special licence from the British publisher. The licence gives the British publisher the exclusive right to publish and the book in the so-called "Traditional Market," which is largely the British Commonwealth and comprises 70 countries.

The agreement between the American and British publisher, which involves this special licence, also contains special uses whereby the British publisher agrees not to sell the book in the United States, Canada and the Philippines. The licence charged that the system worked exactly the same way as a British publisher bought out a book that later

would be published in the United States.

These agreements effectively produce exclusive sales territories for the publishers and hence competition is non-existent. The Department of Justice clearly maintains that these agreements are illegal and against the public interest. This American action without doubt will force the British authorities to consider the situation and possibly take independent action against British publishers.

The defendants named in the suit are all incorporated companies in the United States. The defendants are Macmillan Inc of New York City, Penguin Books Inc of Baltimore, Oxford University Press Inc of New York City, Bantam Books Inc of New York City, Columbia Broadcasting System, Dell Publishing, Doubleday,

Harper and Row, McGraw-Hill, Random House, Simon and Schuster, the Viking Press, John Wiley, the Times Mirror Company of Los Angeles, Addison-Wesley, Grosset and Dunlap, Harcourt Brace Jovanovich, Houghton Mifflin, Intert, Litton Educational Publishing and Franklin & Marshall.

The suit states that in all the charges made the co-conspirators are not just the Publishers Association, but also the individual members of the association. These are not named individually. But this point is made clearly in a special section in the Justice Department's brief filed with the court today.

Macmillan Inc stated in an early response to the action to say that the suit will have "no material adverse effect upon the business or financial position" of the company.

Chicago bank insists lower prime rate trend

By Our US Economics Correspondent

Washington, Nov 25

A surprising step was taken yesterday by the First National City of Chicago, by maintaining its prime lending rate unchanged. The bank has held its prime rate down from 12 1/2 per cent to 12 per cent, but today it announced it is not following the Citicorp 10 per cent and that it is holding firm at 10 1/2.

Mr Robert Abbott, a top executive of the bank, said this move was taken because the immediate short-term outlook for interest rates had become less after some increases at the end of last week. He said the rate of decline from 10 per cent on October 7 had been very sharp and a pause in order.

Many banks have been more cautious in recent weeks than Chicago and Citicorp and consequently prime rates on larger banks now range from 10 per cent to 10 1/2.

Mr Abbott stressed, however, he still believed the general level of rates was down and prime rates would line further.

US assesses stake in petrodollar facility

From Frank Vogt

Washington, Nov 25

America's stake in a new petrodollar recycling facility for major industrial nations should be between 25 and 30 per cent, the administration contends.

The new facility, with total funding of some \$25,000m, was proposed some days ago by Dr Henry Kissinger, the Secretary of State. Today, Mr William Simon, Secretary of the Treasury, announced that the administration envisaged that all decisions regarding financial support from the fund should be made on a weighted vote of participants, and that the United States should be about 25 to 30 per cent—more than \$6,500m.

Mr Simon declared in the testimony before the joint economic committee, that a basic concept in the scheme was that whatever the role of the facility provides, all members should share the credit risk on the basis of their participation.

The United States also favours the creation of a special high level board to supervise the activities of the new facility. This board would be composed of senior officials from the participating countries and would control all the facility's operations and policies.

"The board would reach judgements on requests for assistance from the facility on the basis of the alternative sources of financing, basic economic policies, and actions to reduce dependence on OPEC oil imports."

Mr Simon added that the administration believed there were a number of advantages in having countries provide the fund with direct loans, rather than guarantees. "The loan route is more efficient, it is cheaper and it can be activated more quickly in case of emergency."

Until now American officials have stressed that the facility would borrow only from governments, but Mr Simon indicated today that it would be quite acceptable for individual countries to give guarantees to the facility, thus enabling it to borrow directly in the markets.

Finally, he noted that the administration considered that the American participation in the new facility could best be arranged under the Exchange Stabilization Fund.

Bonn savings spree

West German banks and other savings institutions took in DM2,300m—more than £400m or £66 caput in October. This was double the amount for the preceding month.

How the markets moved

The Times index: 63.96 -2.06
FT index: 164.6 -3.9

IP wants ban on hoarding Krugerrands

Melvin Westlake

reaction to the hoarding of South African gold coins, known as Krugerrands, is contained in a letter sent yesterday to Mr Denis Healey, the Chancellor, by Mr Ian Wrigglesworth, Labour MP for Teesside.

In recent months the Krugerrand has become an extremely popular investment, and dealing in these coins on the London market has risen rapidly. Brokers and bankers are

reported to be buying Krugerrands in sizable quantities.

Mr Wrigglesworth, who is also secretary of the Labour Economic Finance and Taxation Association, wants the Chancellor to stop the "rapid increase in the amount of investment going into gold coins," and "the hoarding of South African Krugerrands."

He argues that such investment is totally non-productive and "does nothing but divert precious investment away from sectors of the economy where it is desperately needed."

He also believes that buying gold coins enables people to sidestep the law banning private hoarding of gold. Furthermore, the purchase of Krugerrands allows the South African Government to make additional profits above the free market price of gold, Mr Wrigglesworth says.

This additional profit accrues to the republic because gold coins are sold at a premium over the value of their gold content. At last night's price of \$211 a coin, this premium was about 15 1/2 per cent.

Britain and East Germany open trade talks today

Aspects for technical and industrial cooperation between United Kingdom and East Germany are the main topics for discussion at the first meeting of the UK-German Democratic Republic joint commission on trade, which begins in London today and ends on Friday.

John Cairns, Under Secretary at the Department of Trade, Herr A. Schönherr, director in the East German Ministry of Foreign Trade will have their respective delegations. The commission, set up in November last year will meet

Wall Street weakens on rates shock

New York, Nov 25.—Wall Street stock prices yesterday failed to maintain an opening advance and soon pointing lower as a result of the failure by other banks to follow Citibank's lead and cut prime interest rates to 10 per cent. By 1 pm, New York time the Dow Jones Industrial Average was 540 lower at 609.90.

The New York Stock Exchange said its member firms reported an aggregate pre-tax loss of \$34.1m (£14.8m) in the third quarter of 1974 and a deficit of \$91.8m in the first nine months.

US coal mines agreement 'in principle'

Washington, Nov 25.—Mr William E. Simon, the United States Treasury Secretary, announced that negotiators for miners and the coal industry had reached a new agreement on Sunday night.

Mr Simon described it as an agreement in principle—an improvement in the package. He declined to discuss details.

The announcement was made after Mr Simon and Mr W. J. Urvy, Jr, the Ford Administration's top labour "trouble shooter," met the bargainers for the coal industry and the striking miners.

Union move in shipyard stoppage

By Our Northern Industrial Correspondent

Fresh attempts will be made today to try to resolve the pay dispute which has led to a six-week-long strike by workers at the Cammell Laird shipyard on Merseyside.

Officials of the Merseyside District Committee of the Confederation of Shipbuilding and Engineering Unions will meet shop stewards representing the 2,300 workers from the shipyard to discuss the dispute. This will be followed by a mass meeting of the strikers tomorrow.

The stoppage has made another 2,000 workers idle and all work on orders worth £125m at a standstill.

The ship stewards have been demanding the right to negotiate a new pay deal directly with the company; but the management has maintained that it can deal only with the official negotiating body, which is the Confederation District Committee.

At the Vickers shipyard at Barrow-in-Furness, union representatives of the 500 electricians who are in the second week of a strike will have further talks with the company tomorrow.

The electricians walked out after Vickers had advertised for more workers shortly after the conclusion of a new pay deal giving skilled workers a minimum basic rate of £50 for a 40-hour week.

The electricians claimed that they should have been consulted and offered more overtime before new men were taken on.

Vickers has two other pay problems to face. First, it seems likely that the company will now have to concede pay increases of between £5 and £10 a week to most of the 7,000

white-collar workers in the Barrow shipyard and engineering complex.

Negotiations with their union representatives are taking place following the recent settlement with the manual workers who got increases of this order. The white-collar workers are unlikely to settle for less.

Secondly, boiler-makers at the shipyard have yet to agree on their new pay rates. They are claiming more than the new skilled rate of £50 so as to preserve their traditional differential.

Their claim has been referred to a meeting of the central conference of the shipbuilding industry to be held on December 5.

Failure to reach a settlement there could mean more trouble for Vickers, which recently had 7,000 workers idle during a two-week long dispute over the new manual workers' pay deal.

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BP accepts £17.4m Libya compensation

By Roger Vielrovo

Energy Correspondent

British Petroleum is to receive £17.4m compensation for the nationalization of its Sarir oil field by the Libyan Government in December 1971.

After three years of negotiation, international arbitration and a rigorous legal campaign against purchasers of oil cargoes from the Sarir output, BP has accepted a sum that is well below its original claim for compensation.

Immediately after the nationalization, BP valued its half share in the Sarir field at £250m. The other half was held by American oil millionaire Mr. J. Bunker Hunt who later also had his share nationalized.

BP and the Libyans had earlier agreed on a compensation figure of £62.4m but after the nationalization of the other half, the figure was reduced to £17.4m.

Libyan government claims for taxes, royalties and other amounts due from BP before the nationalization.

BP said yesterday that on receipt of this payment it had undertaken several other things to discontinue its arbitration proceedings against Libya and to make a further announcement about its position on oil produced from the Sarir field.

The tracking of cargoes of Sarir crude and product refined from Sarir crude has resulted in 12 pending court actions in Europe, the United States and Brazil.

Sarir is one of the largest oil fields in Libya, capable of producing 400,000 barrels of oil a day. The estimated value of oilfield installations, pipeline to Tobruk and terminal facilities was between £80m and £100m.

City awaits Triumph aftermath

By Our Banking Correspondent

Speculation beset the City yesterday about what further moves the Bank of England might adopt towards secondary banks in the wake of the Triumph Investment Trust collapse.

Considerable uncertainty has been generated by the decision to appoint a receiver at Triumph, carrying upon whether it signifies a tougher attitude to other secondary banks and possibly heralding further collapses.

Behind these questions were rumours that Lloyds Bank, Triumph's main bank, was involved in a bitter row with the Bank of England over the handling of the Triumph affair. This is thought to revolve around the ultimate rejection of a scheme to sell Triumph to Kuwait interests.

Patrick Tiedal writes: The secondary banking crisis has absorbed a large part of the clearing banks' capability to lend to industry at a time when it is most needed, says Lord Rotherwick, chairman of the South East Economic Planning Council, in letters to the Chancellor of the Exchequer, six other ministers, the Confederation of British Industry and the TUC.

The letters contain a plea to the Government for action to remove the constraints which the planning council says are preventing the economic potential of the region from being realized.

The council is very concerned about "the low level of business confidence in the region". This it attributes to anxieties about profits and the general climate of uncertainty about the Government's future policies.

Specific points on which it asks for urgent action include the provision of special help to firms concentrating on exports.

Financial Editor, page 23

Aircraft industry heading for £600m exports

By Arthur Reed

Britain's aircraft industry is now confident of reaching a record export total of £600m this year.

This encouraging trend was confirmed yesterday by the publication by the Society of British Aerospace Companies of the figures for the first nine months of the year which showed exports were worth £463.3m.

During the same period of 1973, the total was £37m less. Exports in September were worth £63.2m, which was £12.7m above the previous monthly record, established in July.

Rises

Anglo Am Cap 8p to 37p
Anglo Am 8p to 37p
Broken Hill 8p to 46p
Crested Gold 3p to 23p
De Beers 2p to 15p
De Beers 2p to 15p
Hampton Gold 3p to 60p

Falls

Ass Port Count 6p to 70p
Ad Int 6p to 43p
Boat 6p to 18p
Boat Am Tob 6p to 18p
Crested Gold 3p to 23p
GEC 4p to 48p
Lane Fox 5p to 15p

Int Bids

Leob 5p to 43p
Leob 5p to 43p
Leob 5p to 43p
Leob 5p to 43p
Leob 5p to 43p
Leob 5p to 43p
Leob 5p to 43p

THE POUND

Australia 5s 47.75
Austria 5s 40.75
Belgium 5s 37.00
Canada 5s 2.25
Denmark 5s 13.45
France 5s 11.10
Germany 5s 10.80
Greece 5s 7.50
Hong Kong 5s 12.00
Italy 5s 1.60
Japan 5s 1.50
Netherlands 5s 1.50
Norway 5s 1.50
Portugal 5s 1.50
Spain 5s 1.50
Sweden 5s 1.50
Switzerland 5s 1.50
US 5s 2.37
Yugoslavia 5s 43.00

THE POUND

Bank 5s 1.77
Bank 5s 1.77
Bank 5s 1.77
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Bank 5s 1.77
Bank 5s 1.77

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INTERIM STATEMENT

The West Bromwich Spring Co. Ltd.

The Board announces unaudited profits for the six months ended 30th June, 1974. An interim dividend of 0.22p per ordinary share will be paid on 17th December, 1974, including the Tax Credit this dividend is equivalent to 0.337p per share (1973: 0.30p).

	Six months to 30th June, 1974	Six months to 30th June, 1973	Year to 31st December, 1973
Sales	988,000	735,000	1,480,702
Profit before Tax	197,000	61,000	172,922
Estimated Corporation Tax	103,000	29,000	79,320
	84,000	32,000	93,602
Ordinary Dividend—INTERIM	9.040	8.400	8.400
Ordinary Dividend—FINAL	—	—	25.260
Earnings per share	2.35p	0.8p	2.34p

Japanese growth rate in reverse

Tokyo, Nov. 25.—Japan's economy is likely to show a negative growth rate of 1.6 per cent during the current fiscal year ending next March, sources close to the Economic Planning Agency report.

This will be Japan's first minus growth level since the end of the Second World War and compares with a positive advance of 5.5 per cent in the last fiscal year.

The estimate was made on the basis of the supplementary national budget.

The sources said the new estimate represented a substantial downward revision of the Japanese Government's January estimate of a positive growth.

The country's Economic Research Centre predicted that an 8 per cent growth could be expected in the next fiscal year. It postulated an early resumption of private equipment investment and residential construction.—Reuter.

Plans for nuclear steelmaking ready tomorrow

Decisions on the main lines of development on nuclear steelmaking over the next few years are expected to be announced tomorrow after a meeting of the British Nuclear Energy Society.

Tomorrow's discussion follows meetings of the European nuclear steelmaking club formed last year. The steel industry throughout the world wants to see the development of nuclear steelmaking techniques.

Progressed more rapidly because of continuing uncertainty over price and availability of conventional energy supplies.

This was reflected last month at the annual conference of the International Iron and Steel Institute when its members announced their agreement to coordinate and pool their resources in research and development.

NEDO condemns retail pay levels

By Edward Townsend
A new "realistic" minimum wage level for workers in the United Kingdom retail industry, who are among the lowest paid in the country, is called for today by the National Economic Development Office.

Taking the unusual step of examining an industry's wage rates, the office concludes that wages councils have been ineffective in improving pay rates.

It points out that significant numbers of workers were paid below the legal minimum wage when the Commission on Industrial Relations surveyed the retail sector last year.

In a major report on manpower and pay in the industry, it estimates that in April last year 132,000 adult men working full-time in retailing were earning less than 60p an hour and 489,000 women working full-

time were being paid less than 55p an hour. Consequently, although 6 per cent of the country's adult workforce were employed in retailing, they accounted for 15 per cent of low paid employees.

As a result, the office recommends that retailing wages councils be reviewed, wage structures be rationalized and a minimum wage be agreed based on the circumstances of a man with a family.

But the report adds that raising the entire pay structure in relation to other industries would lead to substantially increased costs and would have to be linked to better staff utilization and improved job content. This would almost certainly mean a reduction in the number of jobs and retail outlets.

NEDO describes retailing as comparing unfavourably with almost every other sector of the economy as far as labour turnover and stability are concerned.

It says that some employers take on young people to reduce payroll costs and this leads to high turnover. This is also caused by the large number of part-time workers—who account for a third of the retailing labour force—and by the high proportion of women workers.

The office says that for the first time it has compiled figures showing the percentage of low paid workers employed in each service and industrial sector in Britain.

These reveal that the catering trade is the lowest paid with 49 per cent of its adult male workers earning less than 60p an hour. In retail distribution the figure is 28 per cent, in motor vehicle distribution and repair 29 per cent, and medical and dental services 25 per cent.

Roche says ministry's price order was unfair

By Malcolm Brown

Hoffmann-La Roche, the Swiss-based international drugs group, alleged in the High Court yesterday that the Secretary of State for Industry had acted "unfairly, partially and unjustifiably" in the matter of the price order last year against the tranquilizers Librium and Valium.

The allegation was made on the first day of a three-day proceedings connected with the action in which Roche is suing the Secretary of State, and Sir Ashton Roskill, representing the Monopolies Commission.

Striking out is the legal procedure used by the defendant in an attempt to nullify part or all of the statement of claim made against it.

In an amendment yesterday to its original statement of claim, Hoffmann-La Roche said that the reference of the drugs to the Monopolies Commission had been made by the Secretary of State on the complaint and at the instigation of the Department of Health and Social Security.

The Department's purpose, as the Secretary of State knew, was to procure reductions in the prices it had to pay for the drugs. He knew the DHSS would be the principal beneficiary.

The duty of the Secretary of State, in considering the report and deciding whether to exercise his statutory powers—and if so how and to what extent—was to act fairly, impartially and judiciously as between the DHSS and the plaintiffs.

In breach of this duty he had acted unfairly, partially and unjustifiably.

The amendment also states other reasons in support of its claim that the Secretary of State breached his duty. The proceedings, which are being heard before Mr Justice Whitford, continue.

Fawley setback for Esso

By Peter Hill

Plans by Esso Chemical to spend more than £100m in an expansion of its chemical complex at Fawley, near Southampton, are being held back by a lack of development on the site by companies engaged in "downstream" chemical processes.

Over the past three years Esso Chemical has been inviting companies involved in downstream processes to establish manufacturing plants in Esso's land at Fawley. The idea is that

such companies should lease sites and take feedstock from the Esso complex, where already the group has invested between £45m-£50m.

But a spokesman for Esso said yesterday that while Esso had been involved in discussions with a number of companies, these potential customers had decided for a variety of reasons not to take up the option.

"We are however still talking to some potential customers. We have not yet given up hope altogether," the spokesman said.

Corporation tax in Guernsey doubled to £600

Motorists, smokers and some 1,000 corporation tax companies—those registered in the island but not trading locally—are to bear the brunt of tax and duty changes announced in Guernsey's budget yesterday.

As from January 1 corporation tax is to double from £300 to £600 a year a company and motor vehicle tax, which is based on weight, will rise by 66 per cent.

From today a petrol duty rise of 2p a gallon is expected to increase the retail price of top grade petrol to 37p a gallon. New duties on cigarettes, cigars and tobacco will increase the price of 20 king size cigarettes by at least 3p to 21p.

The island's advisory and finance committee has, however, proposed that the standard rate of local income tax remains at 20p in the pound, while improved income tax allowances for lower-paid and middle-income workers are introduced, saving them up to £663,000 next year.

Expert study of chemicals field

A study on the likely pattern of innovation in the chemical industry in coming decades was announced last night by the Society of Chemical Industry.

Dr Leslie Streetfield, president, said it was a particularly opportune time because of new opportunities indicated by developments in basic science. The study will be undertaken by Mr John Maddox. The report will be ready next year.

Dutch office lettings up

In spite of what is described as a "dramatic over-supply" in Amsterdam, the Dutch office market is holding up remarkably well, according to a report issued by Jones Lang Wootton.

In Holland generally, the firm has so far this year recorded an increase of 50 per cent in lettings, over the 1973 figure, and in The Hague there seems little doubt that there will be an office shortage in 1975.

LETTERS TO THE EDITOR

Cash flow and charges on overdue accounts

From Mr N. H. W. Ward

Sir, In the present economic circumstances companies of all sizes are faced with severe cash flow problems.

This association is particularly concerned with the effect this has upon manufacturers, their sub-contractors, suppliers and installers, many of whom would claim only to be in the small to medium-sized company bracket and, consequently, more vulnerable.

Difficult to obtain, expensive money has given rise to the taking of longer and longer credit from the manufacturer as a means of financing business. The manufacturers' future viability then becomes dependent upon his ability to obtain and pay for high interest bearing short-term capital.

As it is not general practice in this country to charge interest on overdue accounts, and as price restrictions and market pressures mitigate against total recovery of financial costs, the additional burden must result in decreased profitability, restriction on capital investment and growth.

It can be argued that tightness of credit control is a way to improve cash flow but, under present trading conditions, it may not be in a company's best interests to do so.

Furthermore, in industries such as those covered by our membership, the problems created and expense incurred in trying to maintain a satisfactory credit control system are compounded by the number of links in the chain between manufacturer and end-user.

In the view of this association, two positive steps could be taken which would immediately

Nonsensical tax anomaly for farmers

From Mr M. D. Burchall

Sir, One anomaly of the present tax situation seems to have escaped comment in the current debate—the ludicrous effect of those whose stock is large "livestock"—the farmers.

Consider some simplified figures, for two roughly similar years, in both of which a 10 per cent "genuine" profit is being made; in the first year, stock values rise by 20 per cent:

Sales proceeds	110.0
Closing inventory	60.0
less Costs	100.0
opening inventory	50.0
leaving a profit of	£ 20.0

(on which tax is payable)

Of this £20.00 only a half "available" profit: the other half is an increase of wealth. It is only a profit if it is sold. Whether or not it is sold.

However, in the second year stock values fall back to what they were at first, so we get:

Sales proceeds	110.0
Closing inventory	50.0
less Costs	100.0
opening inventory	60.0
leaving a profit of	NI

This appears to show the farmer who maintains a large stock of livestock is worse off than the one who sells his stock values go up—although notional wealth has increased whereas he is better off if stock values go down, because his tax liability has been moved: which is a nonsense.

Now, if we had a system valuation, in fact takes the worst out of this ludicrous situation for the farming industry: too simple to ask whether anything similar might not be relevant to industry?

Yours faithfully,
M. D. BURCHALL,
Mullens & Co.,
15 Moorgate,
EC2R 6AN.

State energy conservation

From Mr M. V. Mellings

Sir, Further to the letter from Mr D. M. Clay (November 21) in which he states that an example in energy conservation is urgently required on the part of both central and local government, by reducing heating temperatures and economies in the use of street lighting, I am writing to give my wholehearted support to these proposals.

For example, Belgium is reported as expecting to achieve an annual saving of some £900,000 from recent measures introduced to effect economies in motorway lighting.

I would also suggest the introduction of a campaign to persuade the occupiers of large buildings, offices, shops and hotels to make a cut of, say, 5 to 10 per cent in their consumption of heating oil. Many of these buildings—particularly in London—are grossly overheated, and as their usage of fuel oils is considerable, this is a worthwhile saving could be achieved by this means.

The recent savage increase in VAT on petrol is to be deplored as a highly inflationary, political measure and relatively ineffective as far as energy conservation is concerned. Consumption of petrol as a percentage of total oil usage is really quite small, and when one subtracts the proportion of that fuel used for business on which VAT is repayable the burden then falls on a small minority of motorists who have no alternative but the use of their private cars for getting to work and also performing other essential domestic functions.

To exhort the public to use public transport for these purposes is ludicrous, since this is either non-existent in rural areas or grossly overburdened in many urban areas.

The time for action is now, and surely some response should be forthcoming in this direction from the Minister of Energy to make some improvement in what is a very desperate situation in regard both to our overseas trade deficit and also the intolerable burden of local rates.

MICHAEL V. MELLINGS,
"Barnfield",
Bartle,
Preston.

Wasteful use of subsidised food

From Mr J. B. Barton

Sir, In his Budget speech the Chancellor announced he would mount a national campaign against waste, starting with energy.

He said: "It is impossible to justify a policy which actively encourages oil imports to produce electricity at uneconomic prices. . . . Fuel bulks large in old age pensioners' budgets. But the best way to help pensioners is to increase pensions, not to sell fuel to everybody far below its cost."

If this argument is valid for the pricing of electricity which fuels our economy, surely it is equally valid for the pricing of food which fuels the human body.

Will Mr Hesley ask Mrs Williams to reconsider the justification for subsidizing bread made from imported wheat—and indeed all other food subsidies which through uneconomic pricing inevitably result in wasteful use.

J. B. BARTON,
Tonbridge, Kent.

Profits, stock appreciation and inflation

From Mr A. P. Thompson

Sir, The reply by Wynne Godley and Adrian Wood in *The Times* of November 12 reveals more clearly than ever that they are describing a completely different situation from that described by Professor A. J. Merritt and Alan Sykes (*Financial Times*, September 30).

Even when they quote Merritt and Sykes's original assertion, they miss the point and leave out the essential phrase that "under inflationary conditions profits must be considered net of both depreciation at replacement cost and of stock appreciation." In their latest article, Godley and Wood do not mention inflation explicitly, and do not even take it into account in that part of the article dealing with the Merritt and Sykes argument.

What Godley and Wood are saying is that under non-inflationary conditions, "stock appreciation" should not be deducted in arriving at net profits. In non-inflationary conditions, few of their opponents would disagree, and it is this fact which makes them believe that they have forced a reassessment of the situation on their opponents.

What Merritt and Sykes and other proponents of inflation accounting are claiming is that profits ought to be defined as the surplus over and above any expenditure necessary to maintain the real value of equity capital constant. This is not put forward as "an ethical proposition," but as a necessary condition of a healthy capitalist society.

The difficulty arises because of the insistence of the protagonists of replacement cost accounting on regarding inflation as a matter of specific prices, rather than general fall in the value of money.

CPP accounting makes clear that the problem of inflation is not stock appreciation but the difficulty encountered by companies in replacing with money the value of assets which have declined since the chase the stock which it is replacing.

I challenge Godley and Wood to restore their contentment of pounds of constant purchasing power. Only who have done so will it be possible to discover whether they have any validity for the world of today.

Yours faithfully,
A. P. THOMPSON,
25 Finsbury Circus,
London,
EC2M 7EE,
November 12.

After the recent approach of the Software Houses Association to merge with Mr Mills said: "Discuss a few basic practicalities being finalized with all speed so that the new organization may spring into existence as early as possible next summer."

The new association will organize a European conference next summer.

New microprocess
A new microprocessor has been designed for sale equipment and other industrial applications. It has been introduced by Electronics of Bishop's St.

Developed from the company's large-scale integrated circuits, which were at the electronic calculator based on two LSI devices.

Potential applications seen in electronic cash registers, price-compare machines, change-al and money-issuing equipment dispensing and price liquids, taximeters and computer terminals.

Software scheme
The Government's software products scheme, which supports the development of programming tools and packages, has been extended to include applications software.

This move was welcomed last week by Mr Bryan Mills, chairman of the Computer Services and Bureau Association (Cosba).

Computer news
to them, together with an investigation of the best measures to take to ensure their safety.

The survey would also cover the effectiveness of existing security and the risks to privileged data. The effect of proposed legislation, contract and copyright protection and international considerations would also be taken into account.

Dataguard would study techniques for deterrence, prevention, detection and recovery; and would provide a cost-benefit analysis of protective alternatives.

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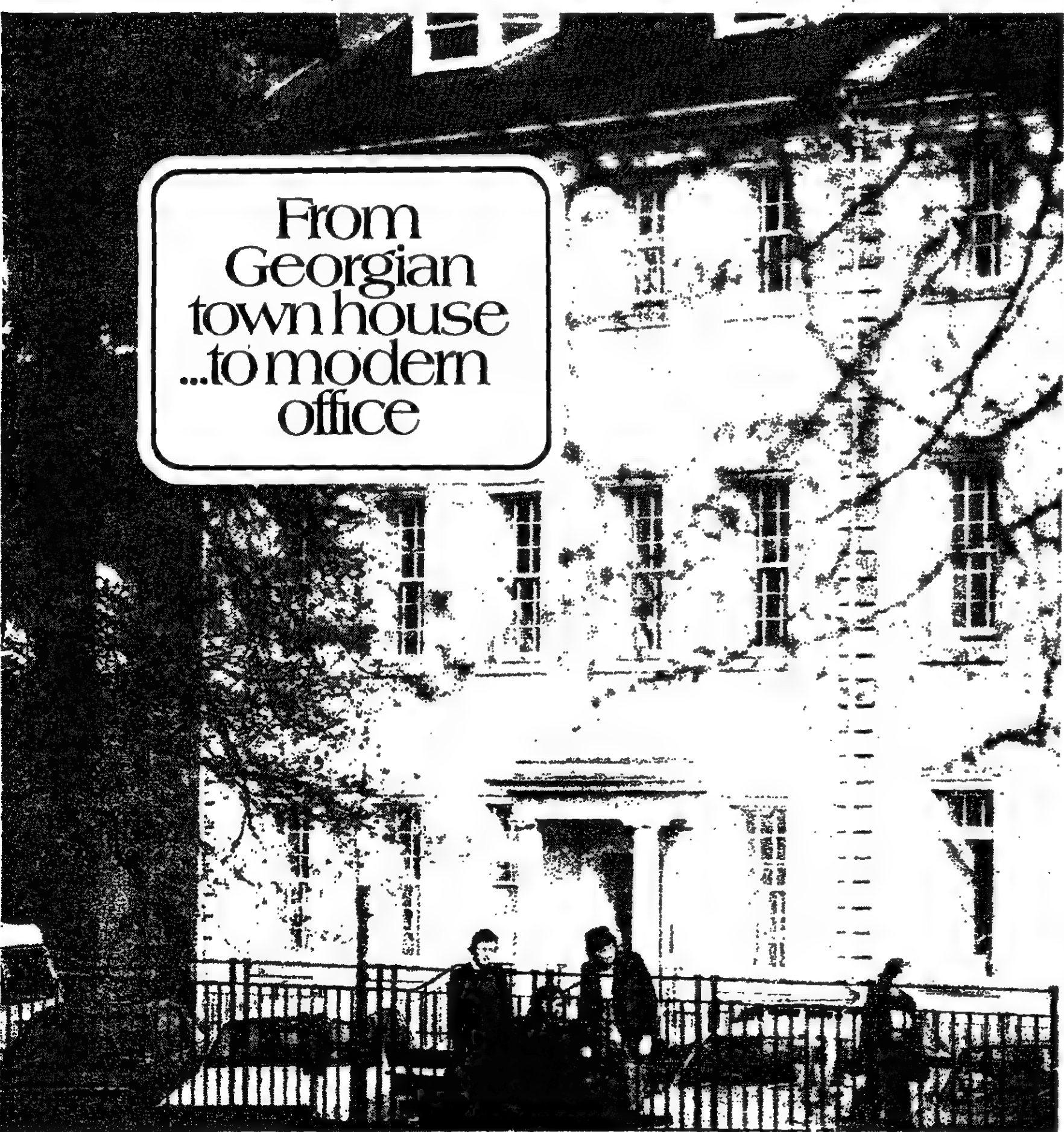
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Kenneth



From
Georgian
townhouse
...to modern
office

To improve amenities for business and staff, implies development and change. With today's advanced building techniques and careful consideration of design methods, office development need not lead to environmental vandalism, or waste scarce energy resources.

Energy Management To make the point we have illustrated Scottish Equitable's new office in St Andrew Square, Edinburgh, with its completely rebuilt Georgian facade. When planning permission was requested to develop the site, a major condition for consent was that the historic and magnificent front of the building be retained or completely reconstructed in its eighteenth century design.

Naturally this presented problems. Not least among them was the fact that daylight to the premises was limited to the front and rear. This meant that permanent



artificial light would be necessary throughout the 140 feet depth of the building during hours of occupation, which would create excessive heat, and, in turn, the need for special ventilation.

Heat Recovery The economic answer for Scottish Equitable was to install an integrated system of lighting,

heating and air conditioning; and so reduce running costs to a minimum.

This system, depending on the ability to reclaim heat, makes use of all the heat already within the building, most of which would normally go to waste, and contributes to a consistent and comfortable internal environment throughout the year. This is heat recovery—with the result that 60% of the heat needed to keep the building at an equable temperature is recycled from the lighting fittings, cooling plant, and the occupants themselves.

Environmental Care This is what IED—short for Integrated Environmental Design—is all about—whereby a building can combine good quality lighting and a high level of environmental comfort, with efficient use of energy through heat-recovery, with acceptable capital, maintenance, and running costs. Ask your Electricity Board to tell you

more about IED and to work out the energy requirements for your building projects. They have the knowledge, experience, and computer services to give a balanced appraisal, not just on technical questions, but the economics too.

ELECTRICITY
IED
makes
better use
of energy

The Electricity Council, England & Wales

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BY THE FINANCIAL EDITOR

Sorting out the fringe: part two



Lord Beeching, chairman of Redland: profits down but home and overseas.

ultimate measure of the fringe bank's operation is its success in spreading the financial system's investment to date can be questioned. The investment Trust affair is a second phase, but it must now abandon assumptions it had made.

the lifeboat committee's spell out is why it left Friday afternoon. The operation for had gone far enough. The lifeboat committee's spell out is why it left Friday afternoon. The operation for had gone far enough.

Lord Beeching, chairman of Redland: profits down but home and overseas.

first, that the tile division is continuing to hold up extremely well—in other words profits at the half-way stage are only marginally down on the year. The working capital increase has been held to a minimum. In the latter case, the finger points to tight stock and debtor control and a continuing improvement in the cash flow position at Redland.

For the rest, it is a tale of slackening demand both at home and overseas. The major villain of the piece has, as predicted, proved to be concrete pipes.

Here, cuts in local authority spending on water and sewerage programmes and the fall in road building have proved the major factors behind a contraction in the overall of some 10 per cent.

And for Redland that means that not only has the pipe division dipped marginally into the red in the first half (against a profit of around £500,000) but that further deterioration in the second half could push the full year towards a loss of £1.25m.

Elsewhere at home, brick profits are lower, but seriously so, while the gravel, readymixed and roadstone divisions have turned in roughly similar results.

Overseas, profits run out some 28 per cent down at £4.34m, largely reflecting a slump of some 45 per cent in new housing approvals in West Germany, while a fall of more than a fifth in Australia housing activity (together with the recent dollar devaluation) are largely responsible for a fall from £2.1m to £1.75m in associate contributions.

While none of this does much to strengthen the short-term argument for buying companies with a large overseas earnings content, it may well be that those overseas earnings will take on relative attractions again in Redland's case in the face of what could prove some fairly savage public spending cuts in the United Kingdom next year. But at least the indication at the moment is that the situation will have to look black indeed to prevent a maxi-

margin dividend increase for the present year and a prospective yield at 29p of 15 per cent.

Interim: 1974/75 (1973/74)

Capitalization £22.4m

Sales £73.9m (£64.9m)

Pre-tax profits (£9.75m)

(£13.1m)

Sketchley

Margins should now improve

Such as they were, the first half problems of dry cleaners Sketchley related principally to last year's soaring cotton prices.

This did remarkably things to the value of the humble overall, and hence to Sketchley's stock financing requirements. The outcome is that the group is looking for some benefit—as yet unquantified—from the appreciation provisions of the Budget. Meanwhile, it has had to cope with a sharp increase in short-term borrowing costs, up from £14,000 to £91,000 in the six months to end September. So margins, a good half point ahead at the trading level, have been eroded pretty much.

With cotton prices stabilized the rise in the overdrafts has been checked, and they may in fact come back by the year-end, particularly as the programme of new branch openings—five in the second half and six in the first six months, and another six are scheduled to come on stream in the second half—is running at a level some what lower than usual. Full year interest charges are, nevertheless, likely to be well ahead of last year's £200,000, as though rates have dropped in recent months.

However, some recovery in the pre-tax margins is likely in the second half, particularly as Sketchley is now in a position to pass on the bulk of its wage cost increases in prices—a significant item since this is still a labour-intensive group.

Last year's total remuneration was £6.64m as against turnover of £17.56m. The second half should also have the benefit of satisfactory progress at the two new Belgian ventures, one of which—the group's first shop on the Continent—was only opened at the beginning of this month.

This is not likely to be fully into the black for 12 months, but there will be a full six months' benefit to come on the Belgium workwear hire and cleaner Servilux, which was acquired at the beginning of October. The only subsidiary difficulty is the Jersey knitwear Chell Parra, which, against a small profit in the corresponding period, dipped into unquantified but "not significant" losses in the first half this time.

Overcapacity within this sector is diminishing as small and under-capitalized manufacturers go out of business; but for the moment the problems continue so acute that Chell Parra is likely to stay in the red for the remainder of the year.

However, achievement of some margin recovery, in the context of volume gains running at some 74 per cent in the first half—and this should accelerate in the second half in comparison with a period quite badly affected by the three day week—suggests around £1.9m pre-tax for the year as against £1.5m.

This puts the ordinary shares, at 31p, on a prospective p/e ratio of 3.5, while the prospective yield of 16½ per cent is attractive.

Interim 1974 (1973)

Capitalization £31.1m

Sales £9.95m (£8.66m)

Pre-tax profits £901,000 (£800,000)

Dividend gross 1.49p (1.33p)

Gauging the cost advantage of nuclear power

HOW THE REACTOR SYSTEMS COMPARE

Type of reactor	No. built	Load Factor Average %	High %	Low %
German PWRs	2	81.3	89.7	73
Westinghouse PWR	15	85	88.7	40.1
UK Magnox	20	60.6	87.6	32.8
Swedish BWR	1	58	—	—
Canada HWTR	7	57.6	92.8	—
General Electric BWR	13	57.5	81	11.9
French Magnox	6	57.4	80	0.2
German BWR	3	43.6	78.5	25.5
Combustion Eng PWR	2	35.6	55.8	15.4
Babcock & Wilcox PWR	1	24.1	—	—

1 Boiling water reactor 2 Heavy water reactor 3 Pressurized water reactor
If generally, which is shut down due to shortage of heavy water is excluded, average is 67.2%

operation of nuclear plant sets standards of safety to the public and to the operators which are far in excess of those at present accepted for other industrial activities.

Some technical problems have been encountered, although these are only to be expected with large and complex plant. It should be stressed that the safety of nuclear plant does not depend on superhuman engineering and operational qualities, as the plant is designed and constructed so that individual components that malfunction do not affect the safety of the installation as a whole.

Certain types of failures can be attributed directly to the rapid increase in unit size which has characterized the development of nuclear as well as coal and oil-fired power plants. A large share of the operational failure has been caused by conventional components often outside the nuclear reactor's safety envelope.

The performance figures for large nuclear plant show average load factors of about 60 per cent, and while the industry cannot be complacent about this, these figures are comparable with large modern fossil-fired stations.

It is useful to look at the actual figures expressed as a moving annual load factor for the 12-month period to May, 1974, calculated from the gross power produced and the gross design output figures for all operating nuclear stations of over 100 MWe output which show a wide range of values.

Excluding those systems with only a few reactors, where the averages can be misleading because they may be unduly influenced by a particular station, it can be seen that Westinghouse pressurized water reactors are highest, closely followed by United Kingdom Magnox and Canadian heavy water reactors.

At this point it is worth noting that the Magnox stations now show a large economic advantage. If the output of the Central Electricity Generating Board Magnox stations had been met by coal-fired stations this could have cost £156m against £23m for the uranium fuel.

This saving on the fuel bill of £133m must, however, be reduced by £49m to cover the higher depreciation and interest and operating costs (excluding fuel) to give a net balance in favour of the Magnox stations.

of £84m for the year 1973-74. With higher fossil fuel prices in the current year the figure can be expected to be much larger for 1974-75.

The United Kingdom is fortunate to have the option of the oil resources of the North Sea, but this should be regarded mainly as a valuable source of foreign exchange, either as a direct export or by substituting for imports of oil. In any event, with investment costs for the production of North Sea oil estimated to be some 12 times those in the Middle East, this will be a far too valuable a resource to be burnt in power stations to generate electricity.

Fossil fuels should be reserved for those premium uses, transport, steel-making, fertilizers, and so on, where they cannot yet be readily replaced by electricity from uranium, or for use as a source of raw material or perhaps in the future of protein.

The life of the North Sea oil fields will depend on the extent of new discoveries and the rate of extraction. They could be exhausted in 30-35 years, a period comparable with the life of a nuclear station.

Given the time scale of at least five to six years for the construction of nuclear plant of established design there is a clear need to expand the present British nuclear programme of 4,000 MWe to be ordered over the next four years as quickly as possible. The recent report of the government Nuclear Power Advisory Board estimated that with only a small nuclear programme the annual cost for the additional amount of fossil fuel required could be up to £500m a year in 1985-86, increasing for some years thereafter possibly to £1,000m a year in 1990-91.

Geoffrey Greenhalgh

Leonard Amey examines the lessons to be drawn from past policy failures
The case for a long-term strategy in agriculture

Recent agricultural planning, if it is judged by events, has not been a success at any level—international, national or on many individual farms. We are back to a period of quite widespread famine and human starvation in under-developed countries, while markets for livestock products in developed countries are glutted and animals, not men, face near starvation.

Little real progress towards an early solution of the first problem was made in Rome this month, while the second is bankrupt farmers all over western Europe, pushing them into political discontent and violent reaction.

Day-to-day comments on both reflect a prevailing confusion of thought. There are well-intentioned pleas for a simpler standard of life and diet in the richer countries to release resources for the poorer. Simultaneously there are demands for special assistance to whatever sectors of western capital-labor production have the most spectacular short-term difficulties.

The second, being nearer home, gets the largest political support. The political outlook is essentially and inevitably short-term.

It sees the problem in terms of government action or inaction, and its urgency is judged by the pressures that special interests may be able to exert. In a mainly urban community an immediate shortage of sugar will generate more feeling than a now virtually certain meat crisis a year or so ahead.

Few competent agricultural economists will have been surprised that the western European beef market should have run into trouble through over-supply, or that this would lead to a hecatomb of stores and calves. Livestock cycles, of which that for pigs is the most notorious, are known to every first year undergraduate.

What nobody did predict was the timing of the crash. The problem was working with a grain derived from old climatic, and whether one took an optimistic or pessimistic view of their continuance, the calculations pointed to expansion. But they did not take account either of the weather or of the unforeseen energy crisis, which stopped whole economies dead in their tracks.

In spite of all the technical advances of the past 25 years weather is still a dominant factor in world agriculture. Even if we are not faced, as some have predicted, with major climatic change, much of the world's production is in areas of great weather variation.

Even where weather is generally predictable, drought or flood, or the emergence of a new pest, can have wide-reaching effects on world supplies.

So long as there are overall surpluses, which can be moved at reasonable cost, either commercially or as a place of philanthropy (with possible political strings), these facts can be overlooked. Human thinking tends to show to adjust when there are no surpluses of the things most in need. This, for the moment at least, is true of both grain and fertilizers.

Surplus and shortfall may both be marginal, but their effect on markets is often disproportionate. A year of all in countries whose economy is basically weak. Long before the famine point is reached, the results can be disastrous socially and politically. A sharp fall from accustomed living standards may be enough.

Looking at British agricultural policy over the present century one may detect through certain assumptions which no longer apply, as Lord Rothschild pointed out the other day. Up to very recently there have always been non-industrialized regions, where food and raw materials were food and raw materials, for which they could expect only low prices.

Even the 1947 Agriculture Act assumed that this pool of imports will normally be available at prices below those necessary to induce a reasonable reward for British farmers, their workers and their landlords. It is also assumed that it would be politically and commercially unthinkable to try holding any sort of free market at that level.

Those two assumptions are even more implicit in the system of devaluing payments introduced when direct government purchase ended with consumer rationing.

The deficiency payment system, as it developed over the subsequent years, was an ingenious and subtle instrument of policy, but never the panacea for farming ills it is sometimes said to have been. More than once its subsidy element became intolerably expensive, particularly when market oversupply came from domestic sources rather than imports.

Recurrence of balance of payments difficulties created strong arguments for expanding home food production, but there was hardly ever real agreement on where scarce resources should be placed.

In fact, farmers tended to push ahead, regardless of temporary government adjustments, in two sectors where technical advances offered most—grain and milk production.

Here profits were still to be made at prices above world market levels but well below those in the protectionist countries of western Europe.

British farmers had the advantage of holdings better adapted in size to capital-intensive systems. Those who used such a raw material could still buy it at world prices, and most were able to finance improvements by borrowing against the rising paper value of their land. Interest rates were still moderate.

Most of those comparative advantages have gone. On the whole, it can be fairly said, the taxpayer got good value for the money put into farm price support and investment. But an examination of its details will reveal several instances of subsidies and grants, many of them temporary, which lasted far too long and of expedients which had the opposite effect to what was originally intended.

The danger is that present measures may lead to the same kind of mistakes not only here but in the wider context of the EEC. In or out of Europe, Amey on this subject will be published tomorrow.

SAFEGUARD INDUSTRIAL INVESTMENTS LIMITED

Mr. E. F. J. Plumridge reports improved results in a most difficult year

The past year has without any doubt been the most difficult since the last war for all in our country, whatever their business or occupation. The stock market has been one of the worst sufferers and the Financial Times Actuaries' All Share Index fell over the year by 57.6%. Safeguard has inevitably suffered with the rest, though at least our net revenue has kept pace roughly with inflation.

Revenue Account and Dividend
The gross revenue for the year to 30th September, 1974, was £539,741 (£474,586). Net revenue before taxation was £476,167 (£414,708) and after tax £320,087 (£274,028).

The Directors recommend a final dividend of 2.0p per share net making a total dividend for the year of 2.7p per share compared with 2.4p last year. The gross equivalent shows an increase of 17½% over last year.

Statutory dividend limitation does not apply to investment trusts such as Safeguard although it has affected most of the companies in which we hold investments. Our improved results are due partly to our policy of switching investments, partly to the fact that some of our investments are in close companies not liable to dividend limitation and partly to the high return we have been able to earn on our liquid funds.

Balance Sheet
The most notable feature is the dramatic fall in the value of our portfolio. The theoretical break-up value after deducting the Debenture Stock at par is £4,299,304, equivalent to 39.0p per share. The improvement of £252,731 in our net current assets over the year was a move in the right direction though with hindsight one can only regret not having gone further. However, there are limits on how liquid an investment trust can become without losing its tax advantages.

Future Prospects
Last year I referred to the fact that we were dominated by political considerations and the lack of unity among our people. I also referred to the fact that a handful of people could render damage to our economy and create hardship to many. Regrettably all this has happened and a Labour administration has pursued a policy which has made us more divisive as a nation.

We now have a new Labour administration with a working majority and it could if it wished restore confidence in the City and industry giving a base on which to build, as there is no shortage of capital for investment which has prospects of profit. I hope desperately that common sense will prevail and that industry in particular will be given a chance to help get us out of our troubles.

Safeguard is in good shape, suffering from national economic problems like everybody else but ready to participate in any revival of industry if the chance is given.
A copy of the Report and Accounts can be obtained from the Secretary, at 87 Eaton Place, London SW1X 8DX

Business Diary: Tremors in Brussels • Anaemic bangers

tions by a "screening into the personnel at the European Commission headquarters used deep fears of a mong 15,000-strong is even suspected to be a middle-aged official with a history of disorders—he threw from a sixth floor window commission building in Brussels recently—have been brought on by over-zeal, the president commission, François Truffaut, has sent all staff a note saying that no golden hand-out is planned.

renewing group is, it trying to determine people can be moved by from under departments, like industrial policy, to ed ones like external and to assess whether caused by retirement ture should be trans- other sections rather refilled. The study e Council of Ministers' in September that no f should be taken on the translating and sections.

nature being what it of department are and tend to recom- least talented for. Although no con- have been reached, suspect they may be r their careers will be the process.

meaty?

the mass-produced nger, if any there be, ow that manufacturers

are considering a reduction in meat content. The rising costs of feedstuffs have made pigs, the prime contributor to the banger, more expensive and sausage makers fear consumer resistance to higher prices.

The great handicap of the sausage in these inflationary times is that consumers expect it to be cheap. However, the meat content can be cut—and stay within the law—without making the thing look or taste much different.

Most manufacturers' products are about 10 per cent above the legal minima of 50 per cent meat for beef sausages and 65 per cent for pork, the rest being bloated with cereals and fats.

The possibility that manufacturers might approach the minima has been broached by FMC, the giant slaughtering and marketing group now facing a takeover bid from the NFU Development Trust.

FMC has already introduced a cheap sausage under the Harris label. Walls Meat for the moment rejects the argument, saying the housewife want quality above all, and has itself introduced an up-market sausage dearer than FMC's reach-me-down.

Shopper prices

Industrialists, who have been granting under the weary life of eroded profit margins as the Price Commission has pursued its deadly work, might be given for cursing the machinery of modern government. But price controls are not so easily judged by some seveneenth-century royal documents for sale in London today.

At any rate Charles set up an "inquisition of worthies"

to decide in 1633 what were the reasonable going prices for a whole range of foods, from home and partridges to eggs and butter, as well as charcoal, firewood and candles. The proclamation laid these prices down to be abided by in all markets and shops in London and three miles around.

It was the Price Commission without frills. Maybe the "inquisition" took account of the proper level of profits the traders could expect to get in those days.

This glimpse into pre-revolutionary economic sanctions gets more fascinating if values then and now are compared by using the common denominator of gold price. That was then around £140 a tray ounce against the current £78 or so.

Three eggs in 1633 were fixed at one old penny. Today three standard eggs are roughly 25 old pennies in the supermarket. One pound of the best salted seventeenth-century butter was fourpence half-

penny; today's price, around 60 old pence.

So while gold was up 55 times between then and now, eggs rose 25 times and butter 13 times. That's perspective for you.

Suez posting

How would you like to sell your soap along the Suez? As part of the development of the area and to coincide with the canal's reopening to traffic next March, the Egyptian Government has set up a company to administer 143 poster sites, each measuring 20ft by 60ft, thus giving cruise passengers gliding by some relief from all that desert.

"We have been entertaining the idea since before 1967," an embassy spokesman said in London, although this was evidently not long enough to have collected details of the cost of taking the space.

Poor America

Reader Lilian Coventry sent in a snippet that may show how some classes in America, feeling the pinch are now taking stock of their lot. This is part of a possible conversation between supplicant Middle and his boss, printed in the journal of the Florida Peace Officers' Association.

"It's about my salary, boss. I wonder if you can give me a decrease?"

"You had a decrease only a year ago, Middle."

"I've worked here for 25 years, boss. I've never let you down. My work has always been up to standard."

"I realize that, Middle," but \$251. Wouldn't you be satisfied with a \$15 cut? We have a budget right now, and the directors are getting furious, tax-wise."

"If I made \$25 less, we'd be eligible for an apartment in the city's new development, the one downtown with a pool, sauna, and tennis court. Besides, my son would qualify for a government scholarship and we could get his teeth fixed."

"You drive a hard bargain, Middle. You get your \$25 decrease on this condition if your work slips, you'll take a \$10 raise, no questions asked."

"Bless you, boss."

"And, Middle—will you invite me over to tennis and a swim one night when you get your new place?"

"Certainly, I believe the poor should share with the less fortunate."

Brussels smiles

There isn't much to smile about in Brussels these days, but there was some merriment in the British community there recently when advertisements appeared in the British papers, issued by the board of Tate & Lyle and informing the world that "Mr Peart is going to Luxembourg on Monday to argue the case for the British housewife with the Common Market."

From Whitehall to Brussels this assertion caused the reflection that Peart would have to shout awfully loud. Both EEC officials and Peart's own civil servants are labouring under the—as it turned out, correct—impression that Peart would be doing his arguing in Brussels.

a Special Report on business and finance

BEIRUT

هكذا من الأصل

views of the 'Lebanese miracle'—the vital link between the developed western nations and oil-rich countries of the Middle East

forms to boost confidence and sustain competition

Issac Azmeleh
Middle East
Economic Digest

Lebanon has been expressing its position as the vital link between the developed western nations and oil-rich countries of the Middle East. The country's economic success continues to confound the experts. The Lebanese miracle is a familiar, well-founded, and well-documented. But the miracle continues. The factors underlying it have remained basically the same since the postwar beginnings and the accession of Lebanon to independence. Without the reassurance of a firm base in manufacturing industry, and without natural resources, this remarkable economic growth, so committed to the service industry which accounts for

trade and the services—are dependent on the Arab hinterland of rich oil-based and agricultural economies.

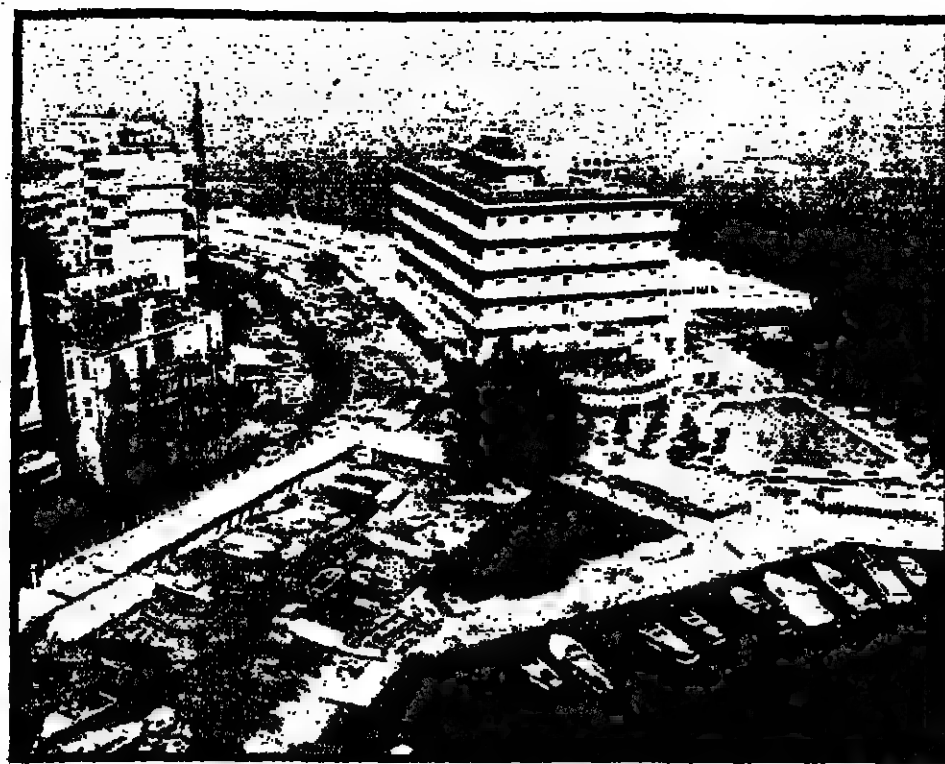
The boom in these sectors continues, except for the occasional hiccup, in spite of Israel attacks across the southern borders, clashes inside the country between the army and Palestinian guerrillas, and economic sanctions by other Arab countries at different times. Lebanon appears always to benefit from the prosperity of the Arab states around it, but it somehow manages to escape the worst effects of crises which hit its neighbours.

Most of Lebanon's wounds have been self-inflicted. Although its national income per head is the highest in the Arab world outside the main oil-exporting states (\$660 in 1971), the degree of social unrest in Lebanon is the highest in the area, and this has been fostered this year by rampant inflation. It must, however, be borne in mind that workers in many other countries of the Middle East do not have the right to strike.

Official figures put the inflation rate at 10 per cent, but most observers think this is a substantial underestimate. Inflation in Lebanon cannot be attributed to increased oil prices since the country still pays a price subsidized by its other Arab friends of just over \$3 a barrel for most of its crude oil needs and just over \$5 a barrel for the rest.

A new Cabinet was formed in Lebanon at the end of October. Although it introduced new faces into Government, including Mr Rashid al-Solh, the Prime Minister, they came mostly from the same mould as the members of the previous Cabinet led by Mr Takiyeh al-Solh.

Lebanon's domestic politics have appeared in the past unrelated to the country's economic fortunes. The religious sectarian and semi-feudal forces jockeying for power may have seemed at times to the outside world as if they were bent on a struggle which could threaten the country's delicate internal balance. But at no time was this balance



The St George's Bay area of Beirut, a city which is a leading business centre for the Middle East.

really threatened, for when the struggle appeared to be most bitter, as during the insurrection of 1958, the section of the population in revolt was really attempting to restore that balance which had been tilted too far under President Camille Chamoun.

Politicians in Lebanon, like politicians elsewhere, do not generally challenge the system of government. Their aim is to preserve the system which has made Lebanon an economic and political haven from the turbulence of the area. Any threat from within, such as

the activities of Palestinian groups before and since 1967, has been dealt with ruthlessly when this was thought to be necessary. Some Arab states have at times reacted angrily to events in Lebanon, but there were always other Arab states with vested interests in Lebanon's survival which neutralized such anger.

What some Lebanese fear now is that the country's role as a middleman may no longer be needed. Saudi Arabia and other Gulf states are becoming more advanced, and with

their increasing wealth can attract expatriate skills to their own countries. New financial and commercial centres are developing in the Gulf states themselves, and Western (and Japanese) firms are more likely now to deal directly with the Gulf states.

Other Arab states are also striving to snatch some of Lebanon's business. Economic liberalization in Egypt and Syria may attract some of the transit trade and investment into proposed tax-free industrial zones. The expected reopening of the Suez Canal may Lebanon, therefore, is

well divert trade from Beirut. A plan to link the Syrian and Iraqi rail networks could provide a direct access route to the Gulf which passes Lebanon.

Some authorities, however, appear unperturbed. They argue that with so much new wealth being created some of it is bound to come to Lebanon. Funds are flowing into Lebanon in increasing quantities, although they represent only a small proportion of revenues surplus to the oil-producers' needs.

This is reflected in the flow of funds from Beirut to the London financial market. Lebanon's non-resident deposits in London, according to the Bank of England, increased by almost half during the first half of this year to about £350m. The direct flow of funds into Lebanon from the Middle East oil producers, was up by £2,730m in the same period to £4,535m.

Lebanon's open and competitive market will also continue to attract buyers from other Arab states. They usually can assume that anything they need is available in Beirut. Whereas a European supplier, for example, will quote a delivery date of six months, his agent in Lebanon in many cases will be able to ensure immediate delivery of the same goods from his stocks in the overflowing hangars of Beirut port.

The Arabic language also plays an important role in keeping the need for Beirut alive. Although an increasing number of Gulf Arabs can now speak foreign languages, they naturally feel more at home with Arabic, and tend to believe that they can strike a better deal with a fellow Arab whose mentality they understand. The main problem for Lebanon, therefore, is

domestic: how to reform the system in such a way as to enhance the confidence of other Arabs, and to keep the Lebanese market, both in finance and goods, competitive. Measures have been taken this year to improve the competitiveness of the banking system. New regulations which would free non-resident foreign currency banking deposits of tax guarantee requirements and impose other restrictions, should come into force this month.

Measures have also been taken to ease the congestion at the port of Beirut with the introduction of a new shiftwork system and penalties on goods left at the port for lengthy periods. These measures do not appear to have had much effect so far.

Industrial exports doubled

The Lebanese postal system is notorious for its inefficiency and a massive budget of £140m (£72m) was allocated for its development, but no improvement can be seen yet. The telex network on the other hand is operating reasonably well. Efforts to inject new life into the lethargic Beirut stock market have not met much success, so far.

The major success story is that of industry. This sector is still badly neglected, according to its leaders, and its interests sacrificed to those of commerce. Nevertheless Lebanon's industrial exports, whose markets are almost exclusively Arab, more than doubled in value during the first half of this year to £1,536m, compared with £1,150m in the same period of 1973. The most important products were

metallic goods, mineral products, processed foods, textiles, clothing and pharmaceuticals. But since then, although the values each month are higher than in the corresponding period last year, the rate of growth has been falling.

The exceptionally high demand up to the end of May was, however, partly artificial, since it was affected by the wish of some importers in the Gulf to build up stocks in anticipation of a continuing escalation in world commodity prices. This demand, therefore, slackened with the levelling off of commodity prices. But industrial unrest in Lebanon and shortages of some raw materials may also have contributed to the fall in exports.

Tourism is another booming sector in Lebanon which depends on the hinterland. The summer season this year started badly but soon picked up. Although an increasing number of tourists from the Gulf are heading for Europe, the spreading of wealth in the region is also expected to lead to an increase in Arab tourists to Lebanon.

The Lebanese tourist industry, being dependent on Arab tourists, has also managed to escape the decline in tourism experienced this year by other areas around the Mediterranean, and its prospects appear healthy for many years to come.

The freedom from restrictions in Lebanon and the country's attractive countryside and ideal climate have also made it the ideal business centre of the area. Many of the bankers who have been flocking during the past two years to establish themselves in the Middle East opt for Beirut because, everything else being equal, Beirut is more comfortable and convenient to live in than anywhere in the Gulf.

Despite crises economic success continues to confound the experts

erre Masrallah

is undoubtedly some about the performance of this tiny country, with its area of 10,000 sq km and a population of less than three million which confounds the economists. It is the archetype of the country where economic theory is rarely applicable and is regularly given lie to by the reality of its leading industry.

Talk of the "Lebanese miracle" is familiar, and well-founded. But the miracle continues. The factors underlying it have remained basically the same since the postwar beginnings and the accession of Lebanon to independence. Without the reassurance of a firm base in manufacturing industry, and without natural resources, this remarkable economic growth, so committed to the service industry which accounts for

more than 70 per cent of its national income, takes every crisis in its stride. The fundamental characteristics of the Lebanese economy are portrayed by various checks and scientifically prepared surveys, it is generally estimated that the country's population, including foreign subjects living in Lebanon as well as Lebanese, was approximately 2,700,000 at the beginning of 1974.

This is a large number in relation to the size of the country and, in addition to one of the highest population densities in the world, there is also uneven distribution with heavy concentration on urban centres and a high degree of geographical mobility. Finally, it is a young population; 53 per cent of the inhabitants being under the age of 20.

The potential working population is almost 1,200,000; the working population is some 800,000. That such a low proportion of the population is in gainful employment is attributable to three factors. First, there is little scope for women to work outside the home; then working life starts late, and finally the level of unemployment is higher among people in the service industry than among the illiterate and highly educated.

Twenty per cent of the working population is employed in agriculture, 25 per cent in industry, energy and construction, and 55 per cent in the service industries. Broadly speaking, the proportion of the nation receiving education and the level of instruction are fairly low. Education is more general and academic than specialized and technical, and still varies in quality and standards between the sexes.

The salient characteristic of production is the distribution of the domestic product by sector of activity. According to the national accounts data, the service industry sector is overwhelmingly predominant, accounting as it does for more than two thirds of the domestic product.

This structure is unusual in that, in most countries, the service industries are not a key sector and do not provide the driving force behind economic development; they can even be a parasitical sector. They are often described as having a passive role, in that they profit from excess monetary expenditure and draw their manpower from surplus labour made available by technical progress in industry or agriculture.

Thus, the prospects in Lebanon are different from those in other countries. The development of commercial and banking activities has been the driving force behind the economy. Imports are running at the high level of 44 per cent of domestic production. It has been believed, wrongly, that this causes vulnerability. In fact, as will be seen, the Lebanese economy has stood the test of fire on more than one occasion and given proof of its remarkable resilience. Finally, this predominance by the service industries distinguishes the Lebanese economy from those of the other Arab countries, which are all based mainly on either farming or oil.

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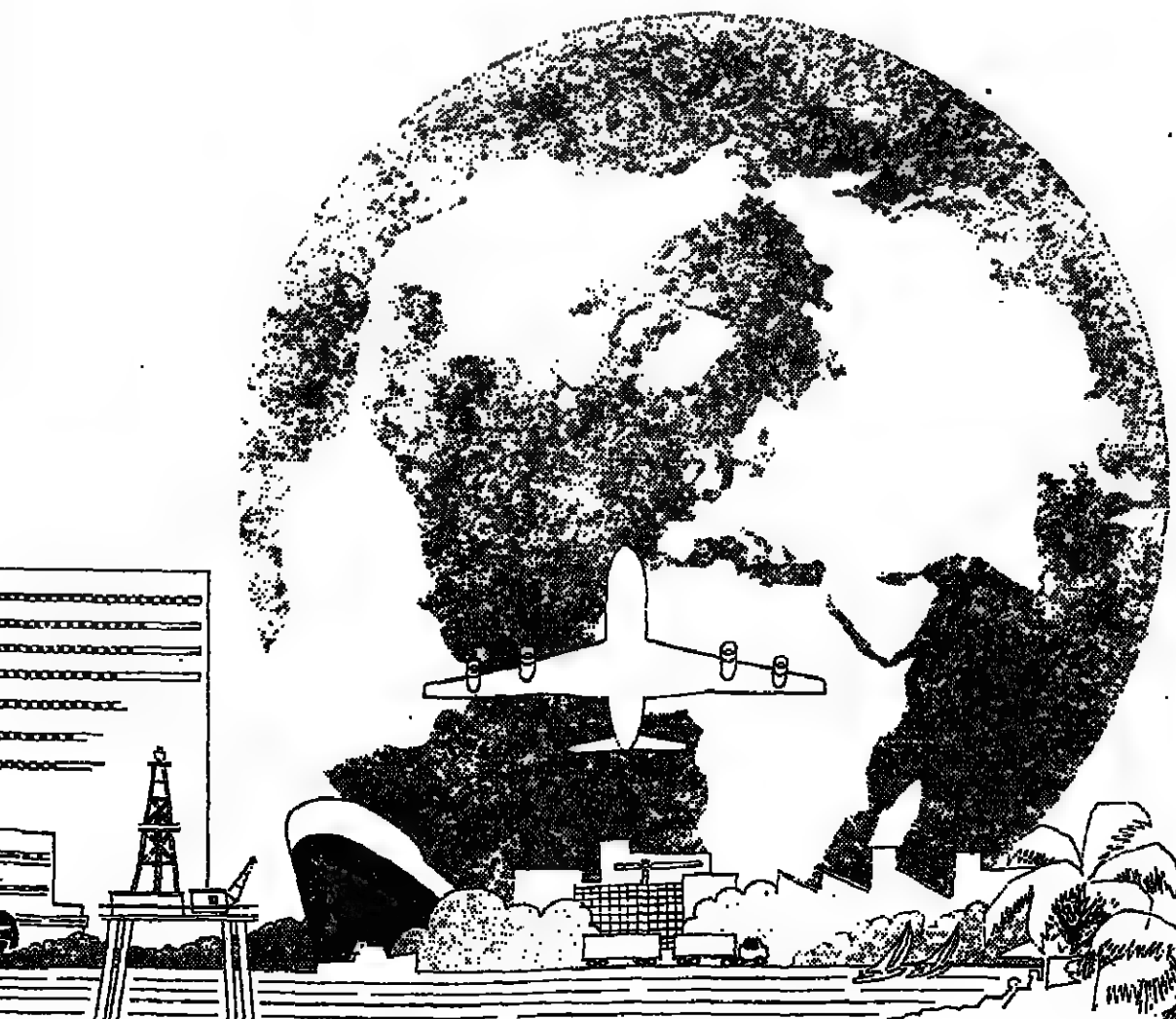
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Airline has become nation's biggest private employer

by Arthur Reed
Air Correspondent

From small beginnings just after the Second World War, Middle East Airlines (MEA) has grown until it is one of the most highly respected companies in the world industry, while being the biggest employer in the private sector in Lebanon.

In 1945 the MEA maintenance base at Beirut airport occupied one small hangar big enough to house three Rapide biplanes, and employed one engineer and six mechanics.

Today the base covers 27,000 sq metres, has \$5.5m worth of buildings and equipment, and employs about 1,450 engineers, mechanics and other specialists. Eighty-two air operators from all parts of the world use the services of the MEA base, taking up about 40 per cent of the productive capacity. The remainder is used for keeping the airline's own fleet in perfect operational condition.

This fleet has now expanded from the original trio of Rapides to 19 Boeing 707s, with five more, plus three 747s on order. MEA also took out options to buy the Concorde supersonic airliner with a view to operating it between Beirut and New York, with a stop at Toulouse, south-west France.

During its progress to its present strong position, the airline has had to survive several severe crises, including the collapse of the Intra Bank, the Israel raid on Beirut airport in 1968 in which most of the MEA fleet was destroyed, the June, 1967, and the October, 1973, Arab-Israel wars, and the internal disturbances in Lebanon in May, 1973, when for six days the operational base was moved from Beirut to Nicosia, Cyprus.

In spite of these problems, MEA—which in keeping with a Lebanese tradition of free-trading is privately owned—has remained consistently profitable. Sheikh Najib Alamuddin, the chairman, announced in April a profit for 1973 of \$6.2m.

This result came at a time when most of the world's major airlines were suffering from an economic recession brought about by inflation, particularly the higher costs for aviation fuel. It was the largest profit in the history of MEA, and Sheikh Najib made the point that the result could not have been achieved without the loyalty and support of the employees, who are now shareholders in their own airline.

"MEA has always considered its human capital as its major asset, and has been a pioneer in the field of employee participation, which we believe is the formula for the future", the chairman said. Twenty per cent of the profits are allocated each year for distribution to the 5,000 employees in the form of bonuses, while 50,000 out of a total of one million shares have been made available for purchase to all employees.

Shaikh Najib has been chairman of the board of MEA since 1956, and for four years before that was general manager. He was educated at the American University of Beirut and the University of Exeter, specialising in engineering and mathematics.

In 1965 he was appointed Minister for Information and Tourism in Lebanon, and the following year Minister for Public Works and Transport.

The general manager is Asad Nasr, a former professor of mathematics who originated the ASNA computer-based formula designed to help airlines select the most economic fleet of airliners for their routes.

Beirut international airport, which forms the hub of the MEA operations, is one of the most modern facilities in the region. Its passenger terminal was recently modernised so that it can now cater adequately for the jumbo jets of other airlines which regularly pass through on long-distance services from Europe to the Gulf, India and the Far East. The airport also serves as a communications and freight-clearing centre for the Middle East.

MEA's own network of routes covers many of the countries in both East and West Europe, West Africa, and the whole of the Middle East. A direct Beirut-New York service is now being studied, and this could begin within one year in cooperation with Kuwait Airways.

In its choice of type of aircraft in the past, MEA has preferred to offer its passengers high frequency rather than high capacity, on the assumption that this policy allowed better connections with the services of other airlines. But as passenger numbers grew—MEA carried 954,000 in 1973 compared with 880,000 the previous year—the board inevitably looked towards a purchase of wide-body airliners. In June they placed an order with Boeing for three 747 jumbo jets which they expect to begin operating next June.

The arrival of a wide-body jet will inevitably lead to greater expansion at the MEA maintenance base, but the airline is confident that it can cope with the technological challenge that this new era will impose. The base has the approval of the airworthiness authorities of nine countries in the Middle East, as well as of Britain, France, Holland, the United States and Denmark.

Workers at the base are proud of the fact that in 1971 they became the first in the world to carry out a

major Boeing job on the wing of a 222,000lb to 230,000lb, crease the payload tally.

Another performance which the airline is fairly proud of is 0 Cadwings in which MEA moved its ent of operations for six Nicosia while Lebanon seized with an out internal troubles.

The move was th of the chairman's that passengers sho be left without M vices, and the total the airline was £60 figure which operational expenses modulation in Cyprus sengers unable to Beirut and the porarily stranded in and losses from c bookages.

Between May 7 an MEA services opera mally, although wit delays, with the e of Beirut landings, vice to Vienna had, passenger, but MEA him alone rather d cel the flight.

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هكذا من الأصل



Stock Exchange in session—part of the financial structure which makes Lebanon an attractive proposition for foreign investment.

lack of industrial and exchange controls helps steady growth

Asseily from the enormous increase in the standard of living and purchasing power of nearly 100 million people who still need most of the things that modern life brings.

It is obvious that a suitable country for such investments should be within easy reach of these markets. It should have a good record of political stability and of international relations in future investments and good communications, to make sure facilities, both for people and goods, as well as a reliable telecommunications system. It should have a sound currency, no or few exchange controls, a skilled and plentiful workforce, and a history of stability in labour relations.

Although Lebanon has an area of no more than 10,400 sq km its reputation is that of a leader in the Middle East in trade, services and industry. Mineral resources are scarce, and although it is said that iron ore exists in small quantities it remains to be seen whether these can be economically processed.

Oil, although present in the whole area, has not as far been found in Lebanon but it accommodates the terminals of the two pipelines, one coming from Saudi Arabia and ending in Sidon and the other coming from Iraq and ending in Tripoli. The refineries at these terminals provide the country with its petrol and fuel.

Although the Lebanese economy relies heavily on the trade and services sectors (about 65 per cent of the gross national product), industry's share has been growing steadily, and recently reached about 20 per cent.

It is accepted that the rise in the standard of living over the past 15 years in Lebanon, compared with the neighbouring countries is due primarily to the complete liberty that characterizes the economy. The lack of exchange controls, the freedom of movement of the Lebanese, the development of the banking as well as of the tourist sector, contributed to making the per capita income about \$600 in 1972; it is estimated at \$1,000 this year.

Large influx of Arab funds

Investment in industry began before the Second World War, with the emphasis on cement and textiles, as is usually the case in developing countries, soon followed by the food processing. The big profits achieved during and just after the war encouraged these industries to reinvest and expand, and they were followed by a multitude of industries, primarily set up to produce import substitutes.

The big industrial expansion, both in varieties of products and the amount of investment, did not occur until the late 1960s, when there was a large influx of funds from Arab nationals as well as Lebanese emigrants' money returning from African and other countries.

The closure of the Suez Canal contributed to making Japanese and Far Eastern goods more expensive and more difficult to obtain. Since the Arab-Israeli war of 1967 and the increased Arab nationalism, which made Lebanese goods all the more attractive in Arab eyes, industry has diversified and it is estimated that from a meagre \$1,000m worth in 1960 industrial exports will reach nearly \$1,000m at the end of this year.

The food industries seem to be the leaders in terms of capital invested and value of goods sold. Their products include such things as the *tahneh* (sesame cream), biscuits, chocolates, sweets, macaroni and other pasta, as well as tinned fruit and vegetables, and wines, soft drinks and mineral water.

As for the building industry, two factories produce enough cement for the requirements of the country and export about 35 per cent of their production to Syria, North Africa and the

Gulf states. Asbestos cement plants export 70 per cent of their production of sheets and pipes, which are sold all over the Middle East for irrigation and water supply schemes.

Iron and copper foundries, for the production of taps, valves and pipes, exist, as well as tanning, leather and shoe industries, and producers of plastics of all kinds, extending from packing materials to pipes and, recently, furniture.

The marble and onyx cutting industry has developed considerably over the past five years and is an important export winner, as are the steel and aluminium industries which have taken advantage of the building boom of the past eight years.

The textile industry employs probably the biggest number of workers (20,000) and although by custom dominated by cotton spinning and weaving, has diversified recently into synthetic fibre spinning, knitting, dyeing and finishing. The individual units are small compared to their European equivalents, but they show a remarkable ability to adapt themselves to the challenges of world tastes and trends. The clothing industry is fast developing too, and seems to be dependent mostly on exports to Europe and the Middle East.

The chemical and pharmaceutical industries are also becoming significant, and although the first is dominated by a large fertilizer plant producing superphosphate, nitrates and sulphuric acid mainly for export, the latter consists of a few dozen small plants, usually operating as joint ventures with American or European companies.

It is relevant to mention the encouragement given by successive governments to industrial investment since Lebanon became independent in 1943. Increased customs duties on imported goods that are produced locally, although not prohibitive, constitute an important help for all infant industries.

Income tax holidays

The various governments have also introduced legislation encouraging investment in new industries by way of income tax holidays for periods of six years, and up to 10 years in the case of investment in undeveloped areas. Reinvestment in existing industries is encouraged by the granting of tax holidays for four years on half of all declared net profits that are ploughed back into new equipment or into social investment.

Preferential tariff rates have been negotiated with almost all Arab governments for Lebanese exports. These range from 25 per cent to almost 100 per cent reductions of normal tariffs. The lack of medium-term and long-term lending institutions, which was a serious deficiency of the Lebanese banking scene, has been rectified by recent legislation encouraging commercial banks to set up such facilities, and the Government has started a mixed equity industrial development bank with the participation of almost all the commercial banks operating in the country.

This institution provides medium-term and long-term credit on favourable terms to industry and seems to be working efficiently, although it cannot lend more than 10 per cent of its capital to any individual

company. Pressure is being applied at the moment for the capital to be doubled to \$1,000m.

Other medium-term banks, which have been created over the past two years with the participation of foreign banks and encouraged by favourable tax laws, seem to be providing small industry with the sort of credit needed.

Labour, which is the main factor in the development of Lebanese industry, is still fairly plentiful and skilled. Of all the countries of the Arab Middle East Lebanon is probably the only one where skilled labour is available on the spot. Technical and professional schools teach mechanical, electrical, chemical and other employees are covered by accident and sickness insurance, family allowances and end-of-service indemnities, the total of which is 22½ per cent of the wage and is paid by the employer to the social security organization.

Labour relations, in spite of increasing union activity over the past two or three years, are still good by European standards, and although the unions have recently increased the frequency and size of their demands they are still prepared to negotiate reasonable terms.

Wage rates are still reasonable compared to those in Europe, although much higher than others in the area; the minimum basic wage for unskilled labourers is equivalent to £13 for a 48-hour week.

Social security laws have been introduced since 1965 and industrial workers and

the author is vice-president of the Lebanese Industrialists Association.

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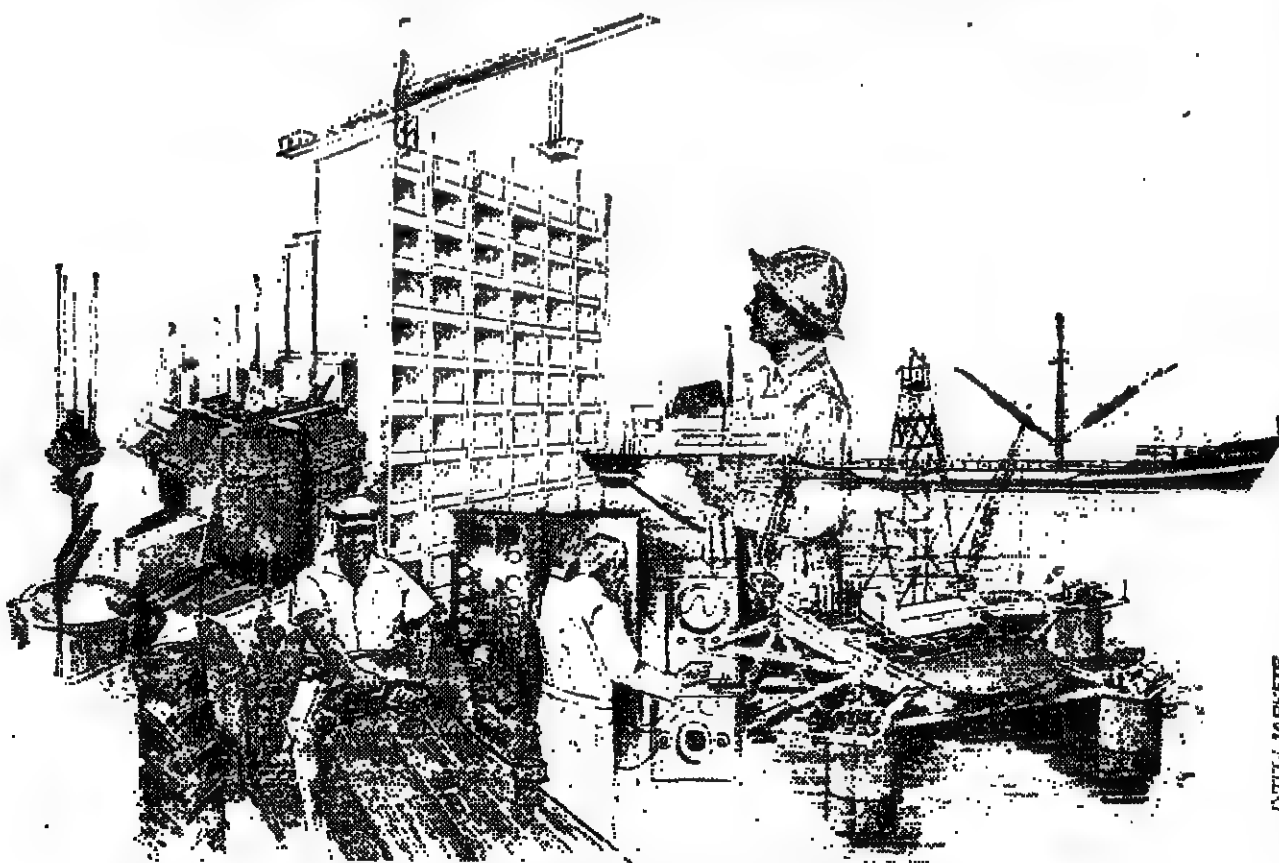


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Tighter curbs started foreign scramble for banks

by Youssef Azme

The foreign scramble for Lebanon's banks is almost over. If you want to buy a bank there you most probably have missed your chance. Nearly all those that could be taken over have already been acquired and Beirut banking sources say that only two or perhaps three of the 73 commercial banks could still change hands. Of the 16 leading banks, only two now remain wholly domestically owned. The trend towards increased foreign ownership of Lebanon's banks began long before the oil price explosion last year but six banks have been taken over since the beginning of 1974, leaving only 29 banks with a majority Lebanese interest. Of the others, 27 were foreign-controlled Lebanese joint stock companies and the rest, 17, were branches of foreign banks.

The trend started in the late 1960s when, in the aftermath of the intra-Bank liquidity crisis, the Government passed legislation tightening control over banking methods and procedures. There were more than 90 banks in Beirut then. Some went into liquidation, either voluntarily or compulsorily, while others found a way out by bringing in foreign investment or by providing capital and management.

As the new regulations discouraged the setting up of new banks in the country, these foreign banks interested in entering the Lebanese market found a way in by buying a stake in one of

the weaker Lebanese banks. Almost every international bank has an interest in one of Lebanon's banks. Nearly every Arab state has an interest in one or more of Lebanon's banks. Communist states are also well represented. The latest banking takeover was by Poland's Bank Handlowy Warszawa, and China is said to be seeking to establish its foreign trade bank in Beirut.

Many of Lebanon's leading banks have been resisting the foreign invasion, but there seemed to be little they could do. Except for the few banks at the top, most of Lebanon's domestically-owned banks were too weak to resist the overtures of their wealthy foreign counterparts. They were mostly simple money lending shops which knew little of the complex operations of a modern bank.

The Government could not legislate against the invasion because that would have been contrary to its declared principles of free enterprise and free movement of capital. The problem was similar to that of property. Foreigners, mainly other Arabs, have bought a lot of real estate in Lebanon since the Second World War. With the growth in oil revenues many rich Arabs bought land in Lebanon as an investment.

This raised an outcry among Lebanese nationalists (as distinct from Arab nationalists) who feared that control over large tracts of the country might fall into foreign hands. The agitation led to the passing of legislation which imposed a

tax of 10 per cent of the value of real estate on any foreign buyer. Whereas agitation against the buying of land by foreigners came mainly from the right, that against the foreign banks' invasion comes from both right and left. The left opposes the trend as a matter of principle since it is seen as "an invasion by the international monopolies".

Those on the right see it from a nationalistic viewpoint, abhorring the fall of a key sector of the economy into foreign hands. A tax similar to that on property purchase has been urged and there have been moves to expel the foreign banks from the Bankers Association or to deny them full membership.

Results for 1973 of commercial banks operating in Lebanon—that is before the foreign takeover of six more banks—showed, according to a survey published by the Continental Development Bank, a subsidiary of Continental Illinois, that branches of foreign banks held 35 per cent of total deposits of \$1,677,490m. Foreign-controlled banks held 37 per cent of deposits and Lebanese-controlled banks held the remaining 28 per cent.

Branches of foreign banks had claims to 33 per cent of the loans outstanding at the end of the year of \$1,677,490m while foreign-controlled banks had claims to 39 per cent and Lebanese banks to 28 per cent. The same survey showed that

net capital to risk assets stood at more than 10 per cent for Lebanese banks, it was only 4.9 per cent for foreign-controlled banks and 3.1 per cent for branches of foreign banks.

The proportion of loans to deposits stood at 81.1 per cent for Lebanese banks, 85.4 per cent for foreign-controlled banks and 75.5 per cent for branches of foreign banks.

Earlier this year, when all the banks were suffering from an embarrassing excess of liquidity in Lebanese currency holdings, it was found that some of the foreign banks had lent large amounts of foreign currencies abroad with backing only in Lebanese currency. There was a gleam among Lebanese banks, the value of the Lebanese pound rose and the inter-bank rate jumped at times to 35 per cent.

The Banque du Liban (central bank) has in several times this year brought down interest rates but foreign banks said nevertheless sustained heavy losses as a result of these moves.

There will always be protest against the dominance of bank interest is not in itself related to Lebanon. However, there is the participation of the development of itself. There are a medium and finance banks operating set up in Lebanon although most of them meant to operate in the area, some of the best go to Lebanon.

Foreign banks have participated in the creation of these banks. There are a number of concern for their own future.

Lebanese banking (as at December 31, 1973, in \$1,000 million)

	All banks (72)	branches of foreign banks (17)	foreign-controlled banks (20)
Total assets	11,174	3,880	4,351
%	100	34.71	38.94
Total deposits	7,490	2,647	3,763
%	100	35.34	50.18
Total loans	6,048	2,000	2,360
%	100	33.07	39.02
Cash & due from banks to deposits	63.79%	66.53%	67.34%
Cash & due from banks to liabilities	44.77%	47.78%	44.32%
Liabilities less cash & banks to risk assets	54.19%	52.22%	55.66%
net capital to risk assets	6.90	3.12	4.93
Fixed assets to total capital funds	27.63	31.91	28.21
capital funds to deposits	8.71	3.55	5.93
loans to deposits	80.74%	75.55%	63.41%

Source: Continental Development Bank SAL, Beirut

Big expansion plans for Middle East financial centre

by Margaret Clayton

For more than 20 years Beirut has enjoyed a privileged position as the financial centre of the Middle East. Many factors have contributed to the success of Lebanon's banking sector. Some are endemic, such as the country's key geographical position at the crossroads to three continents, its role as a transit country, the natural astuteness of its people and their aptitude for languages. Others were the result of hazard or good luck. Political fluctuations in the area, which included the nationalization of banks in Egypt and Syria, brought Beirut an increase of banking business which it might not otherwise have enjoyed.

The many freedoms of the country—political, religious, economic as well as financial—have helped to attract and strengthen foreign deposits. Beirut's free money market, freedom of capital transfers, total convertibility of the Lebanese pound—still immensely strong in relation to other currencies—the adoption of rigid banking secrecy laws and the watch-dog activities of the central bank over credit facilities have endorsed Lebanon's claim to be "the Switzerland of the Middle East" in the field of banking operations.

Banking has always made a considerable contribution to Lebanon's economy. Substantial inflows of funds from Lebanese emigrants, many returning from Africa, have helped growth in recent years. The oil price which has brought the country its share of the oil revenues, and the recent dramatic invasion of the banking sector by foreign banks, now see Lebanon on the eve of a concerted bid to expand and internationalize its thriving banking industry.

Banking began in Lebanon in a small way more than 50 years ago, when the country, together with Syria, came under the French mandate after the 1914-18 war. The Imperial Ottoman Bank passed to the Banque du Liban at the time, which was entrusted with the issue of banknotes. The bank also fulfilled the purpose of a temporary central bank, advising the Government on money transfers and credit operations. Foreign banks installed themselves slowly in Beirut, headed by the Banco di Roma and, later, the British Bank of the Middle East. By the late 1940s, after Lebanon had obtained its independence, foreign banks had a foothold in Beirut and several small local banks, which were either exchanges or discount houses owned by private individuals, were established. Many of these smaller banks, whose names reflected the pioneers of Lebanese banking, have been engulfed in the recent takeover by foreign banks. Several banks existed in Aleppo, in northern Syria, but the financial transactions of Damascus were easily handled by Beirut near by.

In 1951 the Syrians insisted on an economic rupture with Lebanon and it became no longer feasible for businessmen to engage in their previous activities in Syria. This was followed by nationalization of Syria's banking system. The banks in Lebanon were progressively strengthened, foreign

More complex lines

Banking now began to develop along more complex lines. Beirut had become a focal point between East and West, had a well-educated population with considerable contacts with the West and fair communications. The banking secrecy system, started in 1956 on roughly Swiss lines was an encouragement to investors, particularly those from neighbouring Syria. A joint account system had been launched three years earlier. This, too, provided greater security for businessmen.

The isolated formation of the central bank, the Bank of Lebanon, in 1963—Egypt had already a central bank in 1951, Syria in 1953—led to increased confidence in the Lebanese monetary system. The bank's capital of \$1,677,490m is subscribed by the Government. Criticism of the central bank was inevitably levelled after the Intra Bank collapse of 1966, which was followed by the liquidation of about 15 other banks. The Banking Control Commission, set up in 1967, now receives monthly returns from every bank about its liquid funds and details of all debtors over \$3,500.

It is thought the central bank was at all responsible for the Intra Bank collapse. Mr Frank Gosling, general manager of the Banque de l'Industrie et du Travail, who has been in Beirut since 1948, "Remember, the bank had been in operation for only two years when the crash came. Since then it has always been extremely vigilant in controlling banking operations."

Though confidence was badly shaken for some time, figures had begun to pick up by 1970. Total loans stood at \$1,677,490m in 1972 a rise of 81.25 per cent over the 1969 figure. Deposits, similarly, rose by 85.73 per cent in this three-year period. At the Beirut Stock Exchange the value of transactions recovered from only \$1,677,490m in 1969 to \$1,677,490m in 1972.

At its peak, before the Intra Bank crash, Beirut boasted 86 banks of all denominations. There are now 74, with some 300 branches, and the Government, alarmed by the foreign invasion of the banking system, has placed a moratorium on the setting up of new banks.

The past two years have entirely transformed the Lebanese banking scene. As oil prices in the neighbouring Arab countries began to multiply with breathtaking speed a swarm of foreign bankers descended on Beirut in an attempt to grab some of the oil money as it is channelled through the capital. In 1972 banking deposits rose by \$1,677,490m in five months, but at the time the deposit holdings of the purely Lebanese banks had been reduced to only 29 per cent of the deposits total.

Because of the Government's moratorium foreign bankers have had to buy their way—sometimes with majority, sometimes with minority shares—into existing Lebanese banks. These have been falling to the foreign interests at the rate of roughly one a month—Americans leading the field. "Banks which would never consider taking such a step elsewhere have been willing to take a minority share in Lebanese banks in the hope of gaining a majority proportion later," a Beirut banker said.

Meanwhile, new bankers arriving almost daily in Beirut are keeping a watchful eye on the struggles of the system, who may need foreign funds to keep going. A recent law increasing the compulsory paid-up capital of a Beirut bank from \$1,677,490m to \$1,677,490m has been instrumental in luring some foreign bankers in.

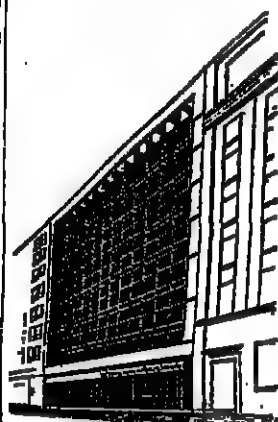
To give only a few examples: a Luxembourg bank bought 80 per cent of shares in the Charrout Bank, Beirut, in January, while in February the Toronto Dominion Bank bought a majority of the shares of the Banque des Cedres. The Fuji Bank of Tokyo opened an office in Beirut in January, the Bank of Montreal an office in March.

In February the Arab Finance Company, with capital of \$1,677,490m, was launched by a group of Lebanese, Japanese and American banks. Arabs hold 54 per cent of its capital, while the rest is shared between Europeans and Americans. This company is to finance big projects and business promotions and undertake activities in fields not yet developed or exploited by local banks. A prime deficiency of the domestic banking system is that it has been in the past geared almost entirely to short-term loans and projects.

The foreign "invasion" at first welcomed by the banking sector as giving a much-needed boost in knowledge to the local system, has now become an avalanche. Cries of alarm from Lebanese economists, politicians and journalists, as well as from the bankers themselves, are beginning to be translated into action.

Lebanese bankers now see, far on the horizon, the possibility that the violent financial upheaval of the area might wreck the banking palm from their grasp. Kuwait is already suggested as a possible contender. Most foreign bankers are sceptical since Kuwait, they claim, is lacking in the supporting services needed to establish a banking centre of international standing.

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هكذا في الأصل

monetary policy makes credit scarcer but healthier

Nasrallah

period of slack activity by the failure of Bank in October 1967. Lebanese currency devalued in late 1970. There is a particularly heavy inflow of money. As a result, the money supply has increased in the last year, where they were repatriated their well as their massive scale.

invested on the one hand it encouraged excessive financing

of the various sectors of the economy, with all the inflationary consequences, and on the other it placed pressure on the exchange rate of the Lebanese pound, which appreciated against other currencies. A new monetary policy was introduced in May 1974 to deal with these problems.

This abundance of money created a twofold problem: on the one hand it encouraged excessive financing

of the scale of this increase can be obtained from a comparison with the increases in the same type of financing recorded elsewhere during the same period: no more than 20 per cent in the United States and Japan, and less in France and West Germany.

The Central Bank, convinced of the inflationary nature of this financing, has introduced the following measures: as early as September 1972 it raised the level of compulsory reserves from 5 per cent to 7 per cent; and from June 1973 it virtually discontinued all intervention on the foreign exchange market, allowing the Lebanese pound to move with the market.

More recently, last June, it took further steps to reinforce these measures. It raised the rediscount rate from 5 per cent to 7 per cent and the interest rate from 5 1/2 per cent to 7 1/2 per cent on purchases of pawned bills. It raised the rate of interest on current account loans as referred to in article 102 of the Currency and Credit Code from 7 per cent to 9 per cent and increased the compulsory reserves which banks must hold to cover their commitments from 7 per cent to 8 per cent, from July 1, 1974.

The bank introduced a new graduated reserve applicable to investments which became compulsory from July 1, 1974 also, but has retroactive effect to the end of 1973. The conditions are: 5 per cent on the first 10 per cent of the running total of investments at December 31, 1973, 7 per cent on the tranche between 10 per cent and 15 per cent, 10 per cent on the tranche between 15 per cent and 20 per cent and, finally, 40 per cent on the tranche above 20 per cent.

Exemption from the requirement to form reserves under this new regulation is extended to the medium and long-term credit banks set up under law 22/67 of April 21, 1967 and to foreign exchange loans to category one

non-residents. The effect of this policy has been to make credit scarcer but undeniably healthier in Lebanon.

The Lebanese pound has risen steadily since 1971. Its performance in relation to the major currencies of the world is shown in the table, which is taken from the 1973 annual report of the Association of Lebanese Banks.

A particularly significant feature of this table is the steady rise of the Lebanese pound against the US dollar (2.89 per cent in 1971, 4.58 per cent in 1972 and 16.62 per cent in 1973, having gone higher in June) which was brought about by the two official devaluations of the dollar and its subsequent effective depreciation on the foreign exchange market.

The causes lie in the imbalance between capital supply and demand on the Beirut market, which in turn is attributable to a combination of various factors not shown clearly by official statistics.

The excessive supply may be attributed to the massive influx of capital from Lebanese emigrants, from the Arab world and from elsewhere; repatriation of assets previously invested on the Eurodollar market; conversion by private individuals or companies of foreign currency deposits into Lebanese pounds; reduction by the banks of their foreign exchange positions.

Logically the Central Bank's reaction through its monetary policy was designed to shift the pressure of demand away from the Lebanese pound to the foreign currencies. Accordingly, the percentage depreciation (-) or appreciation (+) of the Lebanese pound in relation to the pound sterling, the dollar, the Deutsche mark, the Swiss franc, the French franc and the yen.

ingly, foreign currency bank deposits were progressively exempted from the compulsory reserve requirement: on the other hand, non-residents' Lebanese pound holdings were penalized because they were no longer producing interest.

In parallel with these measures, the Central Bank launched a policy of massive buying-up of dollars on the local market which caused the dollar to rise in a few days from 220 to 240 piastres, which now seems to be the exchange rate at which deals are being struck.

This prepared the ground for the much-discussed Bill on the financial free zone designed to exempt foreign currency deposits and commitments for non-residents from the income tax charged on bank interest: the compulsory reserve; the due charged on behalf of the Institut National de Garantie des Dépôts.

It is being asked whether it would not be possible to extend this threefold exemption from taxes and charges to all foreign currency accounts rather than restricting it to non-residents, a category which is difficult to distinguish in a country where there is total freedom for foreign exchange. Such a move, it is claimed, would weaken the Lebanese pound against foreign currencies. However, this fear would be unfounded if the terms of the Act authorized the monetary authorities to use such a general exemption as a short-term policy instrument that could be modified in the light of circumstances.

Percentage depreciation (-) or appreciation (+) of the Lebanese pound in relation to the pound sterling, the dollar, the Deutsche mark, the Swiss franc, the French franc and the yen.

Currency	Percentage in 1971	Percentage in 1972	Percentage in 1973
Dollar	2.89	4.58	16.62
Pound sterling	-3.51	12.16	17.51
Deutsche mark	-8.32	2.58	1.26
Swiss franc	-7.08	0.88	3.20
French franc	-2.51	2.60	12.59
Yen	-	0.30	10.01

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the secret of success

Anthony Rowley

without good cause is often termed the secret of success. In the Middle East, the banking industry of the Arab world at least because of the Banking Secrecy Law which Lebanon introduced in 1956 and which made Beirut the major bank for funds in the

law allows for secret accounts identified by number only, though legal action has since ruled that the degree of secrecy available to ordinary numbered accounts under Lebanese law. The degree of secrecy provided is anything under banking practice, probably only Swiss banks have a similar legal position.

is implicit in the system that the identity of secret account holders cannot be known through the banking system. In Lebanon, this is certainly true. Lebanese merchants, the nationals of other Arab states involved in production. Beirut's on as a centre free of any control preceded the 1956 Act which, in view of the size of personal accounts, was designed to force the normal banking practice of discretion. As Switzerland, banks have in Lebanon known a breach of this ethical principle.

The Banking Secrecy Law issued in Lebanon in 1956 and adopted in the year. Its objective was to attract Arab capital to Lebanon, where the new would prevent government or other agencies obtaining financial information on banks' customers and depositors. The main point of this law is that it allows in Lebanon to open secret accounts for their owners. The secret is only known to the bank. It is supposed to be the name of the owner of a particular secret account.

Usually when a customer wants to have a secret bank account, the bank manager will handle the opening of the account," the manager said. "The manager will ask the customer to sign a document for a secret account. He then enters the name of the customer to whom the account is assigned, in a special book, called the numbered accounts or secret accounts book.

Then the manager will issue a serial number to the account. This number for the manager's reference only, and is entered in the secret account book. Information about the customer will be entered in the numbered account book in relation to residence, occupation, accounts. For this reason

nationality and whether he wants mail forwarded. This numbered account book is always kept in the manager's safe. No executive other than the manager and his deputy is allowed to have access to the book.

"The customer will have to sign signature cards in front of the manager and these signature cards will then be sent to the head of the current accounts department, where they are filed serially according to the number given to the account by the manager. Signature testing of numbered cheques is done by the head of the current accounts department only. A cheque book will then be issued with the account number only with no name mentioned."

The official text (published in French) of the Banking Secrecy Law of September 3, 1956, makes it clear that banks registered in Lebanon in the form of limited companies, as well as the subsidiaries of foreign banks constituted in this way, are bound by the law. However, La Banque de Crédit Agricole, Industriel et Foncier is not so bound.

Article two of the text says that directors and employees of all banks, as well as all other persons having access in some capacity to the books, correspondence and operations of the bank, are bound by the law to secret absolutely, en faveur des clients de la banque.

They may not reveal to anyone, whether private body or individual or administrative, judicial or military authority, the name of clients, their possessions or any facts known to them about their clients through the bank. The only circumstances in which such information may be revealed is with the written authority of the account holder or his heirs, or in cases where he is declared bankrupt. Likewise, in the event of litigation on banking affairs between the bank and the client, information may be disclosed to appropriate authorities.

Anyone acting in contravention of the Banking Secrecy Law renders himself liable to imprisonment for a term of three to 12 months, and attempting to break the law will incur the same penalty. However, the Banking Secrecy Law does not prevent the banks affected by it from exchanging information among themselves, through strictly secret channels, information regarding their customers' accounts which is necessary to safeguard the banks' investments. After the introduction of the 1956 law, confusion arose over whether secrecy was available only to the holders of numbered accounts. For this reason

one of the leading western banks operating in the Middle East sought the view of a legal expert.

He ruled that "all accounts and affairs of account holders under the law benefit automatically from the provisions of the Banking Secrecy Law. From the moment any account whatsoever is opened with any banking establishment mentioned under the law, it is automatically treated with absolute secrecy."

Those bank clients wanting additional protection could ask for a numbered account, added the legal commentator. But he emphasized that "it should not be supposed that only numbered accounts would benefit from the Banking Secrecy Law". Ordinary accounts were covered equally.

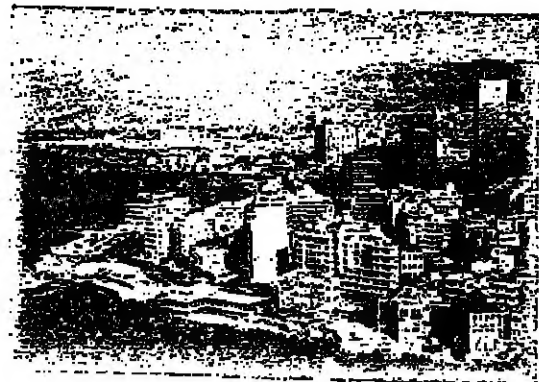
A further commentary on the same law makes another important point. This is that shareholders of the banks covered by the law do not enjoy the same secrecy privilege. Banks may not claim protection under the law when they are asked to declare to the authorities the names of shareholders belonging to a disreputable shareholder.

It is interesting to compare the Lebanese banking law with British banking practice. All authorized banks in the United Kingdom keep their customers' affairs secret to the extent that they require every member of their staffs to sign a declaration of secrecy.

A banker can be discharged from this duty in certain circumstances laid down by the courts, however. The case of Tournier v National Provincial Bank in 1924 gave instances in which a banker must reveal information about his customers.

The first of these is disclosure under the compulsion of law. The Bankers Book Evidence Act, for example, enables the police to obtain an order under this Act so that they can obtain information from the banks on their customers' affairs. Moreover, the Inland Revenue may obtain information from the banks on interest paid on deposit accounts, when the amount concerned is more than £15. Disclosure of information must also be made where the public interest requires it, such as in a national emergency. Disclosure is also permitted when the interest of the bank requires it, to allow the issue of a writ for repayment of an overdraft for example. There is no stipulated penalty for infringement of the banking secrecy code in Britain, however, according to the Banking Information Service.

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'Fair minded' Britain is seen as a valued friend

by Paul Martin
Middle East
Correspondent

To steer a steady course in the hazardous Middle East waters is a difficult, if not impossible, task. For a country like Lebanon the difficulties are as complicated as its political make-up. Since it is the only free political arena in the Arab world, forces from within and without have long tried to tip the balance one way or the other. And political balance has been the principal ingredient of Lebanon's success as the area's business centre.

The only non-combatant Arab country during the border with Israel, Lebanon nevertheless hardly enjoys a week without Israel forays into its territory. Sometimes this has resulted in the country coming dangerously close to the brink.

The alternative would be to curb the Palestinian guerrillas. However, with more than 300,000 Palestinian refugees on integral part of the country's social fabric, and with the rest of the Arab world ever watchful, this could be suicide.

For long Lebanon has relied on its western allies in times of need. With a tiny army there is no other choice. While the Arab combatants have depended on the Soviet Union for political and military support in past conflicts, Lebanon has appealed to a wider audience: the friends of Israel, its enemies, or just neutrals.

Indeed, so important was diplomacy regarded by the country's political leadership that it was frequently said that Lebanon's strength was in its weakness.

But there are bitter disappointments. Ironically, the most recent has been in Lebanon's relations with its chief ally, the United States. The policy of containment was the Palestinians.

President Suleiman Frangieh was elected by the Arab summit to speak for the Arab world on the occasion of the debut of the Palestine Liberation Organisation at the United Nations. The choice seemed appropriate enough; he represented a non-combatant country which played host to Palestinian refugees and he was the only Christian leader.

Although it was Mr. Frangieh's first visit to the United States as President of his country, he was not given any special treatment as head of state. Was it because of his mission? Or did the

Americans feel that since his visit was to the United Nations and not to the United States protocol did not provide for such treatment?

Whatever the case, the diplomatic importance did not go unnoticed by Lebanon. So, angered by such an apparent slight from an erstwhile friend, Mr. Frangieh is said to have refused an invitation from President Ford to a meeting.

However, the resilience which is so much part of the Lebanese character can be seen in its conduct of foreign relations. If the account of President Frangieh's reaction to his reception in the United States is correct, then it exemplifies Lebanon's confidence. More than most, successive Lebanese governments have realized the value of friends and the policy has been actively to seek them.

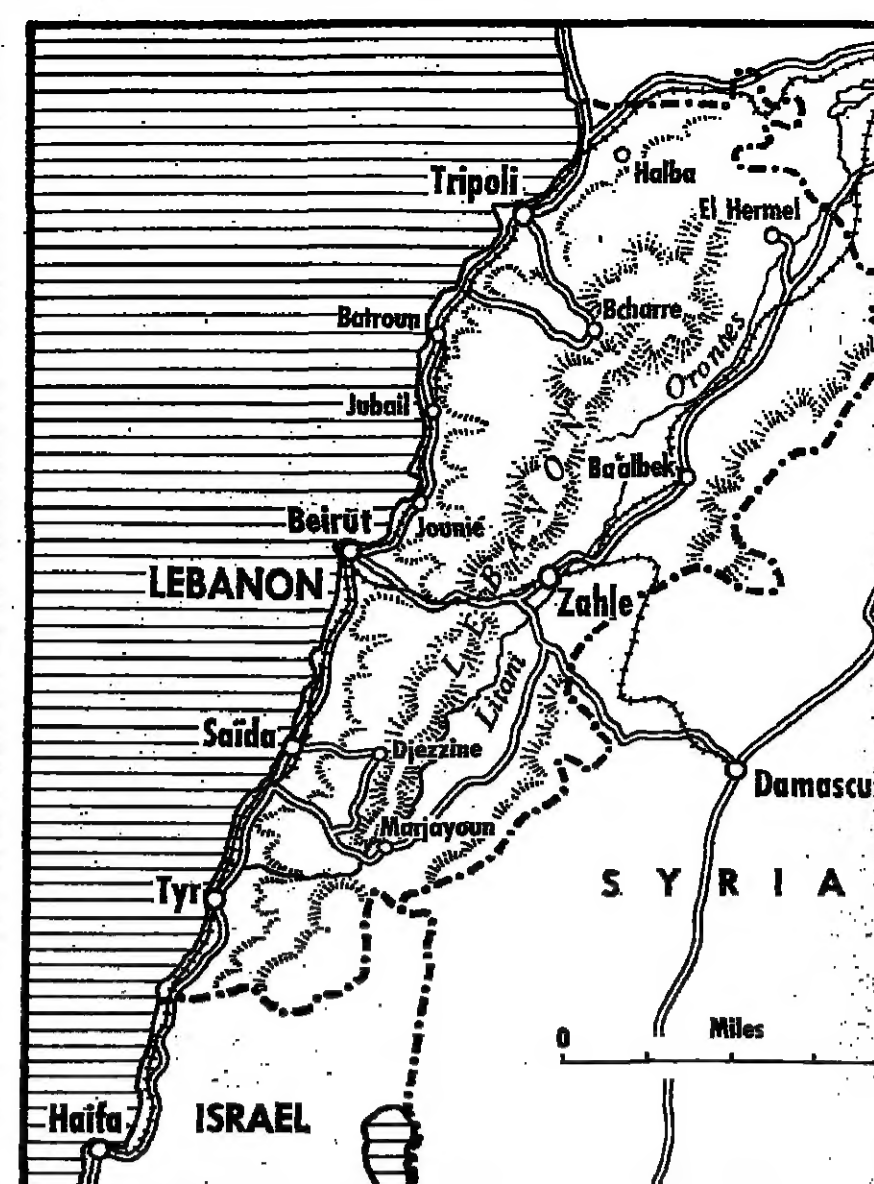
As in the country's education system, there are two main schools in contacts abroad. For historic reasons there is a strong French tradition. In times of crisis, when there are threats to the country's security, the Lebanese look to, and know they will win the full support of, the French. Indeed, there have been times when the Lebanese attitude has almost been that of turning to a mother country.

On the other hand, there is a recognition that the friend with the greatest diplomatic and military power is the United States. It was after all, the United States which intervened militarily in the country in 1958 when Nasser's subversion from Syria threatened to overturn the existing order.

Things have changed since then. However, the Lebanese are well aware that in the deadly game of an eye for an eye played between Israel and the guerrillas across its borders it is to the Americans that they must appeal.

Of late Lebanon has sought increasing support from an ever-wider circle of friends. No less dramatic than its relations with France or with America, those with Britain are valued. From a Lebanese point of view, Britain's stand on the Middle East problem represents a "fair-mindedness" which is appreciated.

Lebanese newspapers watch with satisfaction the toing and froing of British ministers and parliamentarians centred upon Beirut, whether they be fact-finding or strictly business missions. In an ever-changing Middle



East, Lebanon's political complexion is one of the few exceptions. Gone are the Baghdad Pact days when the country was part of the western grand design. The Lebanese now take a warmer view of the East block.

The Soviet Union lends welcome support at the United Nations when the Lebanese find themselves under fire and there has been steady progress in relations not only with the Soviet Union but with the East block countries generally. The same applies to Peking — yet another voice in times of need.

Certainly more complicated, and no less important, are Lebanon's relations with the rest of the Arab world. The end of the Nasser era paid to the virulent revolutionary one-upmanship that threatened to engulf Lebanon. Today Lebanon en-

joys excellent relations with most Arab countries, including both Egypt and Syria, with which it was at loggerheads in the dark old days.

In the present political climate few feel that there are any serious Arab revolutionary designs on Lebanon as such. Of course the Arab world has its trouble-makers. However, the one internal matter that has a direct bearing on Lebanon's important relations with the rest of the Arab world is the Palestine issue. As past crises with the guerrillas in the country have shown, this is an emotive issue in Arab forums.

An upheaval in inter-Arab relations soon has its effects on valuable entrepôt trade, not to mention long-term effects on the flow of capital and investments. However, the Lebanese are well aware of where their ultimate interests lie.

Every effort is made to avoid conflicts, to the extent that Lebanon can bring undisciplined elements into line. The choice of Mr. Frangieh to speak on behalf of the Arab world at the Nations is a Lebanese success.

However, in a where international play such an important role there are the dissonant voices. For instance, Akl, the Lebanese politician, preaches an end to Lebanon's dependence on outside Arab and international support in the conflict with Israel. Lebanon, he claims, could take on itself and should act accordingly.

He contends that any will achieve it. However, he is one of the many voices in the will

Bold projects but telecommunications struggle to keep pace with increasing needs

by Faris Ghobbi

The telecommunications problem in Lebanon evokes the familiar metaphor of a man who runs up a downward escalator in an effort to stay in the same place. Despite impressive achievements and ambitious projects, the country's needs are expanding faster than its telecommunications facilities.

One reason for this is the recent economic boom which shows no sign of abating because of repatriation of emigrants' capital and the larger sums available to Arab oil-

producing states whose citizens consider Lebanon a good country for investment. Another problem is that investment in telecommunications has sometimes been haphazard, with the authorities launching a bold new improvement but then failing to follow it up with less spectacular measures necessary to ensure that full use is made of it.

An example of this is the satellite tracking station at Arbanieh, 20 km from Beirut. Bought into use in 1969, this was one of the first ground stations constructed outside the major industrialized countries. It dramatically improved Lebanon's telephone and telecommunication links with the outside world and was expected to make Beirut the unchallenged modern communications centre of the Middle East.

Initially it was set to track the Atlantic satellite and used for communications to Western Europe and America, until the completion of the submarine cable to Marseilles in 1970. The ground station was then switched to the Indian Ocean satellite, and now handles communications eastwards as far as Australia and Japan with speed and efficiency through the use of compatible circuit links guaranteeing 10 per cent circuit redundancy at any time. Another antenna is being considered to enable the station to link up once again with the Atlantic satellite and meet the rapidly growing demand for westward calls.

The potential of the ground station is not fully exploited. For instance, a common complaint by the bureaux of foreign television networks in Lebanon is that they still cannot transmit colour film from it. In this respect, Lebanon has been overtaken by Jordan and is being overtaken by Kuwait.

Beirut's facilities are often contrasted with those of Tel Aviv, from where colour film can be transmitted, and this puts the Arabs at a disadvantage in the propaganda side of the Arab-Israeli conflict as far as "hot" news is concerned.

Another bold initiative by the Lebanese authorities to improve international telecommunications, the Maronite submarine cable, is also operating below its potential capacity and is being expanded by a further 200,000 lines.

The Ministry of Posts, Telephones and Telecommunications is installing 60,000 new lines and 25 new exchanges over the next two to three years, and a further 200,000 new lines and 41 exchanges have been authorized by Parliament. This will involve replacing the present six-figure dialling system with a larger one, as well as modernization of equipment to cope with a new area code system. Mr Antoine Frangieh, the Minister of Posts, Telephones and Telecommunications, says the present plans are inadequate and should be expanded by a further 200,000 lines.

The telephone network consists of some 60 local circuits occupy the same space as one telephone call, so the technical problems of expansion are very much easier.

These include a 480-circuit cable to Cyprus, which it is envisaged would link up with Western Europe through Greece. Lebanese engineers say an additional cable direct to Western Europe will be needed in the near future to cope with the expected rapid increase in traffic.

The internal telephone system is also overloaded as the international one. Indeed, it is a common complaint among Lebanese that they can obtain a call to Australia more rapidly and easily than to a village outside Beirut.

The telephone network consists of some 60 local circuits occupy the same space as one telephone call, so the technical problems of expansion are very much easier.

One suggestion for accelerating Lebanon's telecommunications development is participation in Arab regional efforts, including the project for an Arab regional satellite which is to be considered at the meeting of the Arab Telecommunications Union in Tunis this month. This could be launched early in 1978 and would

be installed over the next five years. Twenty-four tele-circuits occupy the same space as one telephone call, so the technical problems of expansion are very much easier.

Since shortage of capital has been a major factor delaying Lebanon's expansion of telecommunications, and since a number of Arab countries are to invest in regional cooperation a logical way for the country to maintain its reputation of the Middle East.

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مركزنا من الأصل

Old Arab houses have become shadowed pygmies in city of concrete giants

by Margaret Clayton

Beirut is a boom city growing up on popular expectations. It is well placed at the fringe of the Arab oil wealth, and commands the confidence of Arab investors.

In the past three years there has been a great increase of construction in Beirut. New skyscraper blocks are being wedged between the existing ones. Giant cranes swinging overhead threaten to brush against the balconies of neighbouring houses; in many areas it is impossible to use the pavements because of the piles of rubble spilling out on to the roads.

The old Arab houses, washed in pink or yellow, have become shadowed pygmies in a city of concrete giants. Craters buzzing with

activity, for Beirut is now building down as well as up, are a popular spectator sport for pedestrians, while the whine of drills and the crash of falling masonry have become familiar sounds.

Seen from the air or approaching by boat, Beirut offers a splendid aspect, a kind of Middle Eastern Miami fronting the breakers. At ground level it is easy to see that it has been stitched together in a hurry. Because there is virtually no town planning the skyscrapers rise indiscriminately, often effectively blocking each other's view of the sea. The land is available, at a price, and where there is no virgin land there still remain thousands of older houses, even in the city centre, to be demolished and replaced by new buildings.

Though the building boom, now in its third year, was actually started because of other factors, it has been given impetus by the fantastic increases in oil revenue of the neighbouring Arab countries. Beirut, the banking centre of the Arab world and traditionally the meeting point between East and West, now sees the possibility of attracting a great deal of this money, whether spent in transit or invested in the country. It is busy with a self-improvement programme in many sectors—doubling its industries, expanding its banking sector, enlarging its tourist potential.

In the city most of the development is going on in Ras Beirut, the select shopping and residential promontory overlooking the sea. The picturesque old waterfront of Ain Mreisse,

caught between two sections of Beirut's hotel-studded cornice, is scheduled for intensive development. A young artist has just commemorated its passing with an exhibition entitled "Farewell to Ain Mreisse".

The most important factor in the Beirut property boom has been the flight from money. Land prices began to rise in 1971, and by the next year, when hundreds of Lebanese emigrants, expelled or made unwelcome in African states, began to return to their homeland, the demand for land and property became acute. "Many of these people, who went out as ordinary traders, are returning almost millionaires," one wealthy Beirut hotel and property owner said. "They are willing to pay much more than the local Lebanese, and have pushed

prices sky-high." It is estimated that returning emigrants account for nearly 50 per cent of the boom. Syrian speculators make up another 15 or 20 per cent; rich Gulf Arabs most of the rest.

Most of the really big money is not being spent in Lebanon but is going elsewhere. For the moment the Gulf sheikhs and business magnates prefer to invest their money in the capitals of Western Europe or in international playgrounds such as the Canaries and the Balearics, just as most of them still prefer to bank in Europe.

"It is what you might call the second division investor who comes to Beirut," one American investment consultant said. "In Beirut he feels at home, there is no language problem and no awkward

questions asked about where the money comes from." Certainly much of the Beirut money now flowing into the city derives from oil, the hands of Egyptians, Syrians, Palestinians and others who may have made Hamra has risen from £150,000 to £250,000 in two years. Values in the city centre are multiplying so fast that often the new owner of a shop has not even put in his shelves before he has sold to a new purchaser. Land here is now reckoned at £10,000 a sq metre, while at Raouche, a residential area on the sea front, a 300 sq metre flat has risen in value from £120,000 to £350,000 since 1971.

There are some regular actions. Foreigners, including Arabs, are not legally allowed to buy more than 6,000 sq metres in the city centres, 10,000 in the

new heady stuff. A small country. The area authorised may be considerably less. Charges imposed by the Government on the developer are relatively low. He will pay about £50,000 for the licence to build a 10-storey block of flats, and subsequently tax of 11 per cent on the total rent each city centre are multiplying year.

Rents of flats, reflecting the property boom, have doubled. It is estimated that 700 flats remain empty at Raouche, though all around the landlords, having let some of their flats at high prices, find it more economical to keep the remainder empty than to reduce prices. No tax is payable on the empty flats. It is possible to pay £6,000 a year for an unfurnished flat in Beirut. Who pays such circles there believe has been re-

as pied-à-terre Beirutis, some diplomats, businessmen, the rest.

The cost of living run parallel with the doubling of their 1970 boom has been at the past six months is accounted for big international in the cost of raw materials. The price of instance, has trebled in three years.

How long can boom Lebanon is a tiny country with a population of 2,500,000. Despite its convenient position as the sources of and despite the tourists and Lebanese, most circles there believe ceiling has been re-

Individual travellers make up main tourist business

by Joyce Rackham

"We Lebanese are resilient people—fatalistic too, but nevertheless," said Munir el Shleik, director of the Lebanon tourist office, which opened in Piccadilly last month, summed up the national character of his countrymen.

He added: "We recognize that we are rather late coming on the scene here and how difficult things are economically, but we are optimistic about the future."

One reason for this view is that they have no ambitions in the mass tourism field, which has been hit hardest by the slump in foreign travel. The high scheduled air fare, lack of charter facilities, and absence of large cheapish hotels, mean that they must look to individual travellers for their main business. They have been encouraged by a healthy increase this year in the numbers of tourists, as well as foreign business visitors, who often extend their stay for short holidays. Even the number of British shows a small rise this year, contrary to general tendencies elsewhere.

The Lebanese tourist authorities admit, however, that present statistics must be interpreted with some care, for they do not distinguish between foreign tourists or business people, are likely to include others in transit, and those who cross the Syrian frontier and return after a day trip to Damascus.

Even so, the tables make it clear that 18 per cent fewer French, generally top of the list of Europeans, came this year compared with the 1972 figure, a fair comparison as that was a peaceful year. In 1973, local political troubles, which included the April Israel commando raid on Palestinian guerrillas in Beirut, scared off many tourists, especially French, West Germans, Scandinavians and Americans. The British were braver—their numbers dropped 20 per cent less than the French. Next year, say the Lebanese, they will reorganize the system so that statistics will give a more accurate analysis.

Mr Nasser Safieddine, director of overseas offices at the National Tourism Council, says they estimate that visitors from Arab countries contribute about 65 per cent of their current revenue, which represents up to 20 per cent of the national income when ancillary services are included. The number of Arab visitors, which up to 1966 only just equaled those of non-Arabs, has since risen dramatically. They are, it seems, far less influenced by local political upsets than others.

In summer, when the Gulf areas and the deserts become unbearably hot, many bring their families to enjoy the refreshing climate of Lebanon's mountains. Probably about half the richer Gulf Arabs have regard for their own villas and apartments, while others use the less sophisticated

waterfront of Ain Mreisse, which will even bring their own foodstuffs, so are rarely seen in restaurants. They are often the subject of good-humoured Lebanese jokes. "Did you know," said one friend, "that a shaikh from Qatar brought his own camels and tethered them in the garden—not to use as transport, but because he prefers their milk?"

Lebanon is the unvalued cosmopolitan of the Middle East; the Lebanese like to call it a "miniature Paris". The variety and luxury of goods on display attract big spenders. The Iraqis are among these, since their economic boom, the Iraqis. Syrians come over the border in large numbers to shop, but are modest spenders. Another big attraction for visitors of all nationalities is the Casino de Liban, the only one in the country and apparently one of the largest in the world. Lavishly though somewhat garishly decorated, it stages spectacular shows which rival Las Vegas or the Casino de Paris. It earned more than £4m profits last year; as half the shares are state-owned, some of this went towards tourism promotion and social services.

Britons planning a holiday in Lebanon, with the cheapest excursion fare, London-Beirut return, at £165.05, naturally feel resentful that Scandinavians, whom the Lebanese regard as an important market of the future—"mainly as sunseekers"—can take

charter flights from as little as £100.

At present the cheapest way there for British tourists is by a package deal: Bales Tours list a week in Beirut at a good hotel from £128; a two-centre fortnight, with a week in Cairo or Jordan, costs from £176. Before the Cyprus coup and Turkish invasion plans were far advanced for a joint promotional scheme between the Lebanese and Cypriot tourist organizations and it was hoped to cut the cost of the air journeys considerably.

For archaeologists, Lebanon is rich in treasures—both discovered and still to be dug. Much of the ancient city of Tyre is still hidden beneath the sea. From a helicopter it is possible to get tantalizing glimpses of what lies submerged. Specialized holidays in this sector obviously have a big future. Fairways and Swinfors, an agency which runs "Sites and Flowers" tours to many ancient places every spring, reports that its next trip to Lebanon is already fully booked.

The Lebanese have done much to encourage young people to visit their country, and the Youth Tourism Office arranges programmes at reasonable cost: the air fare for those under 26 (student up to 28) is only £41.95 each way. London-Beirut, and a week at a youth hostel costs £6.40. They arrange craft holidays in London.

Hotel development has certainly been checked by the vicissitudes of international politics, although Beirut is well served in all price ranges. Hilton are due to open their 470-room hotel next spring. Notable among comparatively new developments is the beautiful El-Bustan at Beit-Mery, a hillside village about 10 miles from the capital. It is one of the country's best equipped conference centres, and has the added attraction of being near a famous Roman site and some remarkable Byzantine mosaics.

Prices in Beirut compare favourably with London. The luxurious, traditional St George's charges £10-£14 per person; the new Holiday Inn, much pleasanter inside than its multi-storey facade suggests, is about the same.

The more luxurious restaurants and the grander nightclubs compete well with their European counterparts but are expensive. The smaller, genuinely Lebanese restaurants like Sofar and Les Nomades, offer delicious food and a choice of good local wines, for less than you would spend in London.



Young people at a café in Hamra Street, Beirut. The Lebanese have done it encourage young visitors to their country.

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After a good day's work, the Lebanon offers unique and sophisticated facilities for relaxation. Swimming all year round, golfing, yachting, riding and skiing on sea and snow. Nightlifers have innumerable restaurants and night clubs to choose from, 353 hotels, and of course the famous Casino. For changing the scene, there are many remarkable archeological sites to visit — from the grandeur of Baalbeck, with its International Festival, to the romantic Phoenician ports of Tyre, Sidon and Byblos.

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